Woodburn Economic Opportunities Analysis and Development Strategy
Final Report

Prepared for

City of Woodburn

by

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Acknowledgments

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Preface

This report is an economic opportunities analysis and economic development strategy for the City of Woodburn. It is part of a project to improve the chances that Woodburn will get the type and quality of economic development its citizens desire.

The *Economic Opportunity Analysis*, the product of the first phase of this project, focuses on describing past economic conditions and likely and possible economic futures. It provides the base of information for a more detailed discussion of policy and implementation that occurred in the second phase of the project. The *Economic Development Strategies* report is the product of the second phase of the project. It describes (1) the City's vision for economic development, (2) issues related to achieving the economic development vision in Woodburn, and (3) recommended economic development policies and other changes to the City's Comprehensive Plan.

The process and products of this project are designed to meet the requirements of Statewide Land Use Planning Goal 9 (Economy of the State) and the administrative rules that implement that goal (OAR 660-09-020).

Woodburn Economic Opportunities Analysis
Phase I Report

Prepared for

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Chapter 1

Introduction

BACKGROUND

This report is part of a project to improve the chances that Woodburn will get the type and quality of economic development its citizens desire by describing (1) what kind of development has happened, is likely, and is possible; and (2) existing policies and future policy options. By describing the economic information about those issues, the project also allows the City to meet requirements of the Land Conservation and Development Commission regarding economic development planning (Goal 9).

The project is divided into two phases, each ending in a report. This report, the *Economic Opportunity Analysis*, is the product for the first phase, which focuses on describing past economic conditions, and likely and possible economic futures. It provides the base of information for a more detailed discussion of policy and implementation that will occur in the second phase, which will end with a second report: *Development Strategies.*

METHODS

The data and methods used in this report derive from three related types of requirements: requirements of state policy, requirements of the scope of work for this project, and standards for sound policy analysis. We began work by reviewing Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009) to make sure the required elements of a Goal 9 analysis are addressed in this report.

The theory underlying the analytical techniques used in this report is explained in Chapter 2. The methods used in the economic analysis are explained in more detail in Chapters 3, 4, and 5. In general, the methods include:

- Review of the literature on economic development
- Review of local policies regarding economic development and buildable land, including the:
  - *City of Woodburn Comprehensive Plan* (as amended October 1999)
  - *Downtown Development Plan*
  - *Woodburn Buildable Lands and Urbanization Project* (2000)
  - *Woodburn Transportation System Plan* (1996)
  - *Highway 214 Alternatives Study* (1999)
  - *I-5/Highway 214 Interchange Refinement Plan Study* (2000)
- Use of existing data sources for socioeconomic and demographic information, including the US Census, the employment data from the

Oregon Employment Department, state economic forecasts, and Claritas (a private purveyor of marketing and demographic data)

- Interviews with realtors, property managers, and economic development specialists to document the land and location needs of target industries

Several data sources in this report, including ES-202 data from the Oregon Employment Department and demographic data from Claritas, are for the 97071 zip code area, which includes Woodburn and the surrounding rural area that gets mail with a Woodburn address. Figure 1-1 shows that the 97071 zip code area extends east into Clackamas County, west almost to the Willamette River, and north and south of Woodburn's city limits, but does not include Gervais (which is in the 97026 zip code area).

Figure 1-1. 97071 zip code area

Source: ESRI Inc. http://mapserver2.esri.com/adol/work/maps/greenmap26129.gif

This report frequently uses the terms *sector* and *industry* when referring to data and economic conditions. Sectors are groups of industries, as defined by the Standard Industrial Classification (SIC) system. For example, the Lumber & Wood Products *industry* is part of the Manufacturing *sector*. Sectors (in bold) and selected industries are illustrated in Figure 1-2.

Figure 1-2. Sectors and selected industries

Agricultural Services, Forestry, & Fisheries	**Transportation, Utilities, & Communication**
Mining	**Wholesale Trade**
Construction	**Retail Trade**
Manufacturing	Food Stores
Food Processing	Eating & Drinking Places
Lumber & Wood Products	**Finance, Insurance, and Real Estate (F.I.R.E.)**
Paper & Allied Products	**Services**
Primary Metal	Business Services
Industrial Machinery	Health Services
Electrical & Electronic Equipment	**Government**
Transportation Equipment	

While this study addresses issues of buildable land and housing in the context of economic development, it is neither a buildable lands study nor a

housing analysis (as defined by Goal 10 or ORS 197.296). It relies on information from other City studies to address these issues.

FRAMEWORK FOR ECONOMIC DEVELOPMENT

The framework for economic development is defined by OAR 660-009. The administrative rules pertaining to Goal 9 require three key elements:

1. *Economic Opportunities Analysis (OAR 660-009-0015).* The economic opportunities analysis (EOA) requires communities to review national and state trends, identify target industries, and identify site requirements of industries that may locate or expand in the jurisdiction. The EOA must also include an inventory of lands available for commercial and industrial development.

2. *Industrial and commercial development policies (OAR 660-009-0020).* Cities are required to develop policies based on the EOA. The policies must include community development objectives that describe the overall objectives for economic development in the planning area and identify categories or particular types of industrial and commercial uses desired by the community. Consistent with the community development objectives, cities must adopt policies to designate an adequate number of sites of suitable sizes, types and locations and ensure necessary public facilities through the public facilities plan for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025.* Cities must adopt appropriate implementing measures including: (1) identification of needed sites; (2) assessment of the long-term supply of land available for commercial and industrial uses; and (3) evaluation of the short-term supply of serviceable sites.

WHAT DRIVES LONG-RUN ECONOMIC DEVELOPMENT?

Though there are compelling reasons for setting goals at the beginning of a project, doing so is not without problems. Germane to the issues we are dealing with is the fact that goals, and to even a greater extent the more specific objectives that derive from them, are (or should be influenced) by a pragmatic understanding of the relationships between cause and effect in the system of interest. Without that understanding one risks pursuing goals that are unattainable, or actions that are inefficient in achieving them. Some rudimentary understanding of the relationships is essential to developing defensible answers to the overarching policy question: what happens when I pull this policy lever?

Even with sweeping simplifying assumptions, a regional economic system is still a complex one that is difficult to model, much less to predict without the benefits of models, on the basis of intuition alone. Nonetheless, that is how the large majority of economic development policies get adopted. In light of that reality, the purpose of this section and the following figures is to

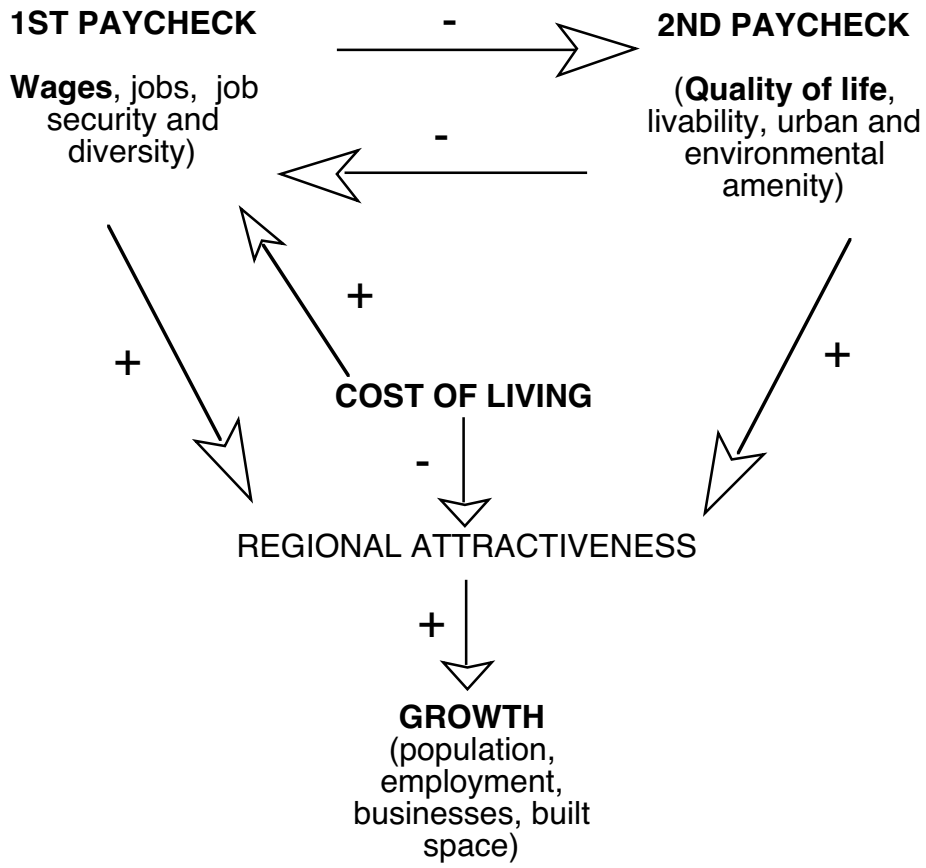
provide a framework for thinking about causes and effects that will make the intuitions more informed.

Figure 1-3 shows the primary drivers of urban growth as generally accepted by urban and regional economists. It illustrates that households are attracted to different regions based on their estimation (explicit or implicit, accurate or not) of the tradeoffs among three categories of variables: availability of jobs, wages, cost of living, and everything else (which is a broad definition of quality of life). The phrase *2nd paycheck* refers to all those other things that households want. The arrows and signs illustrate the tradeoffs.

For example, if wages increase, other things equal, a region becomes more attractive and growth is stimulated (migration occurs, and ultimately the residential and commercial development to accommodate that growth). Other things, of course, are not equal. That growth can cause the cost of living to increase, which decreases regional attractiveness (but also creates pressure to increase wages). To the extent that households believe that a region offers natural and cultural amenities (quality of life) that are valuable, they will be willing to pay more (cost of living) or accept less (the first paycheck) to live in the region.

Figure 1-3 greatly oversimplifies the dynamics of growth. Each of its elements could be expanded into another diagram. For example, there is a feedback from growth to wages: more growth usually means more demand for labor, which means higher wages to ration an increasingly scarce supply.

Figure 1-3: Drivers of urban growth

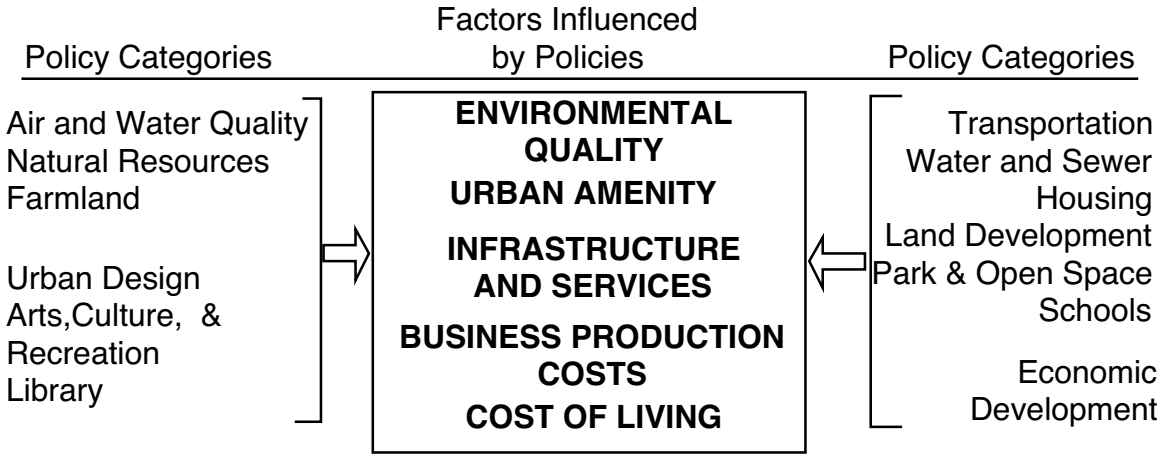


As another example, if one were to expand the element labeled *2nd paycheck*, one would find that regional economic growth does not have unambiguous effects on the second-paycheck components of quality of life. Business growth affects components of quality of life either directly or indirectly through its impact on population growth. If a generalization is required, urban growth probably tends to increase urban amenities (shopping, entertainment, and organized recreational opportunities) and decrease the environmental quality and the capacity of infrastructure.

Figure 1-4 shows that there are many policies a region can adopt to influence the factors affect economic development. Taking just one example, if a region decided it wanted to affect urban form (for example, because of supposed beneficial effects on the cost of infrastructure and quality of life) there are many categories of policies (e.g., land use, transportation, other public facilities) and many subcategories (e.g., for land use: traditional zoning, minimum-density zoning, design standards, etc.; for public facilities: design standards, concurrency requirements, financial incentives, system development charges and exactions, etc.).

Figure 1-4: The role of public policy

Categories of public policy and key factors they influence



To summarize the conclusions:

- At a regional level, three categories of variables interact to make a region grow: wages, quality of life, and cost of living.
- This simple categorization quickly gets complex: many sub-categories exist, which interact in complicated ways not only within categories, but also across them.
- Quality-of-life factors have been demonstrated empirically to influence residential and business location decisions.
- Thus, public policymakers must consider a multitude of factors as they try to adopt optimal economic development policies. It is no longer as simple as just recruiting big industries.

CITY GOALS FOR ECONOMIC DEVELOPMENT

Overall, Woodburn's Comprehensive Plan goals and policies are supportive of economic development. They seek to ensure that sufficient land is available for economic growth, that development occurs in an orderly fashion that is coordinated with public service provision, and that the traffic and pollution impacts of growth are mitigated. A list of Comprehensive Plan goals relevant to economic development is presented in Appendix A.

While being generally supportive, changes to these goals and policies may be needed if Woodburn seeks to adopt new economic development strategies. Potential amendments to the Comprehensive Plan will be addressed briefly in this report and in detail in the Development Strategy report that will follow this Economic Opportunities Analysis.

ORGANIZATION OF THIS REPORT

This report is organized as follows:

Chapter 1: Introduction describes the theoretical background for the methods and analysis in this report in terms of building quality communities and the economics of location decisions by households and firms. This chapter also summarizes key City goals and policies related to economic development.

Chapter 2: The Woodburn Economy contains an overview of the Woodburn economy, a review of national and statewide trends and forecasts as the context for economic growth in Woodburn, and previous forecasts of population and employment growth developed for Woodburn.

Chapter 3: Factors Affecting Economic Development in Woodburn discusses the condition of these factors in Woodburn and how this compares with other locations in the North Willamette Valley. The factors included in this chapter are location, buildable land, labor force, housing, public services, transportation, renewable and non-renewable resources, and quality of life.

Chapter 4: Target Industries identifies criteria for selecting target industries, applies these criteria to employment data for Woodburn and the North Valley region to select target industries, and discusses the locational needs of these target industries.

Chapter 5: Conclusions summarizes key points from the previous chapters and makes a preliminary identification of potential economic development policies.

This report also includes two appendices. **Appendix A: City Goals for Economic Development** lists Comprehensive Plan goals that are related to economic development, and **Appendix B: Descriptions of Target Industries** provides a description of the target industries discussed in Chapter 4.

Chapter 2

The Woodburn Economy

OVERVIEW OF WOODBURN ECONOMY

Table 2-1 shows population has grown faster in Woodburn than in Marion County, the North Valley region, and Oregon as a whole over the 1980–2000 period. In the 1980s Woodburn grew at an average annual rate of 1.8%, while other areas in Table 2-1 grew at an average annual rate of only 0.8%–1.1%.

The 2000 Census placed Woodburn's population at 20,100–a figure 2,260 persons higher than the 2000 PSU estimate of 17,840. In the 1990s Woodburn grew at an average annual rate of 4.1% compared to 1.9%–2.2% in other areas. Woodburn's share of Marion County's population has increased from 5.5% in 1980 to 7.1% in 2000.

Table 2-1. Population in Oregon, the Portland area, Marion County, and Woodburn, 1980–2000

				AAGR	
	1980	1990	2000	1980-1990	1990-2000
Oregon	2,633,156	2,842,321	3,421,399	0.8%	1.9%
North Valley	1,355,645	1,517,866	1,876,425	1.1%	2.1%
Marion County	204,692	228,483	284,834	1.1%	2.2%
Woodburn	11,196	13,404	20,100	1.8%	4.1%

Source: Population Research Center, Portland State University. "Oregon's Population Increases by More than One-half Million in the 1990s" (Press Release of December 13, 2000); *1998 Oregon Population Report*; U.S. Census of Population and Housing, 2000. Data for the North Valley region summarized by ECONorthwest.
Notes: AAGR is Average Annual Growth Rate. The North Valley region consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

Table 2-2 shows covered employment[1] in the 97071 zip code area, which consists of Woodburn and the surrounding area by sector and industry.[2] Table 2-2 does not report employment in industries where there are fewer than three firms in order to maintain the confidentiality of individual employers. The industries with the largest level of 1999 employment in the Woodburn area are Lumber & Wood Products (1,013), Food Stores (880), Local Government (841), Food & Kindred Products (776), Agricultural Production-Crops (775), and Eating & Drinking Places (548). Together these industries account for 4,833 jobs or 55% of total employment in the Woodburn area. The data in Table 2-2 is based on confidential records for individual employers

[1] Oregon covered employment and payroll information is based on tax reports submitted quarterly by employers subject to Unemployment Insurance (UI) law and by the program of Unemployment Compensation for Federal Employees (UCFE). Thus, 'covered' employment and payroll refers to workers and wages that are covered by unemployment insurance. Most agricultural employment is not covered. Because Woodburn is in an area with a lot of farm employment, the covered employment estimates underestimate total employment.

[2] This report will make frequent use of the terms *sector* and *industry*. *Sectors* are groups of *industries*, as defined in the Standard Industrial Classification system used for economic statistics. For example, the Manufacturing sector contains the Lumber & Wood Products, Primary Metal, and other manufacturing industries.

from the Oregon Employment Department. A review of these records allows a more detailed description of the large employment industries:

- Over half of the Lumber & Wood Products employment in the Woodburn area is in two firms, Fleetwood Homes and Silvercrest, that manufacture mobile homes.
- Most of the employment in Food Stores is with Winco Foods, and most of these employees are probably engaged in warehousing and distribution rather than in operating a grocery store. Most of the remaining employment in this industry is in three grocery/convenience stores with 50–100 employees.
- About 70% of Local Government employment is in education.
- Most of the employment in Food Processing is in firms that process frozen fruits and vegetables.[3]
- Employment in Crop Production is in a large number of small farms growing hops, berries, vegetables, bulbs, and nursery stock. The only employers in Crop Production with over 100 employees are in the Nursery Products industry.
- Eating & Drinking Place employment is spread among 35 employers with an average of 15 employees; none of these employers have over 50 employees.

Total covered employment in the Woodburn area grew from 5,552 in 1990 to 8,714 in 1999, an increase of 3,162 or 57%. Table 2-3 shows employment growth in the Woodburn area by sector and industry between 1990 and 1999. Employment growth was led by Food Stores (which added 606 jobs), Local Government (370), Agricultural Services (333), Lumber & Wood Products (246), and General Merchandise stores (235). Together these industries added 1,790 jobs or 57% of covered employment growth in the Woodburn area.

Several industries had percentage growth rates far exceeding the 57% average growth rate for the Woodburn area in the 1990–1999 period. These industries include Social Services (which grew by 671%), Agricultural Services (476%), General Merchandise stores (326%), Apparel (281%), Food Stores (221%), and both Durable and Nondurable Wholesale Trade (181–198%). Of these industries, all but Apparel stores and Nondurable Wholesale Trade added more than 100 jobs over the 1990–1999 period.

[3] AgriFrozen foods announced the closure of their Woodburn plant in January 2001. Vegetable processing will continue through April 2001 and some administrative jobs will last through June 2001. The closing of this plant will lay off 440 year-round workers. AgriFrozen will also close plants in Walla Walla and Grandview, Washington.

The closure of these plants is indicative of trends in the food processing industry, which include overproduction, consolidation of customers (grocery stores and food service suppliers), a strong dollar that makes US goods relatively more expensive for foreign purchasers, and competition from low-cost markets. Given these trends, it is unlikely that another firm will reopen the Woodburn plant or that other major food processors will locate in the Woodburn area in the near future.

Of the 39 individual industries shown in Table 2-3, 22 of them added fewer than 50 jobs in the 1990–1999 period. Industries that lost jobs over this period include Forestry (-54), Building Materials stores (-16), and Heavy Construction (-10).

Table 2-2. Covered employment and payroll in the 97071 zip code area, 1990 and 1999

		1990			1999		
Sector / Industry	**SIC 2**	**Units**	**Emp**	**Payroll**	**Units**	**Emp**	**Payroll**
Agricultue, Forestry, Fishing		**69**	**949**	**$13,466,735**	**57**	**1,321**	**$23,372,828**
Agricultural Production - Crops	01	36	678	$9,196,086	35	775	$15,397,605
Agricultural Services	07	14	70	$1,010,654	17	403	$4,859,483
Forestry	08	17	90	$844,724	4	36	$508,995
Mining		**0**	**0**	**$0**	**0**	**0**	**$0**
Construction		**55**	**203**	**$4,894,530**	**88**	**383**	**$11,095,132**
General Building Contractors	15	20	63	$1,979,043	28	172	$5,006,499
Heavy Construction	16	3	23	$481,216	3	13	$466,973
Special Trade Contractors	17	32	117	$2,434,271	57	198	$5,621,660
Manufacturing		**35**	**1,734**	**$34,457,820**	**36**	**2,113**	**$55,636,160**
Food & Kindred Products	20	5	693	$12,012,491	7	776	$18,147,293
Lumber & Wood Products	24	12	767	$15,669,328	11	1,013	$25,990,873
Printing & Publishing	27	7	32	$508,198	4	27	$629,528
Industrial Machinery & Equipment	35	3	79	$2,115,220	3	129	$4,181,930
Transportation & Utilities		**22**	**179**	**$4,071,066**	**24**	**288**	**$8,799,996**
Trucking & Warehousing	42	12	64	$1,451,818	12	123	$3,881,292
Communications	48	3	16	$272,567	5	23	$697,287
Wholesale Trade		**20**	**102**	**$2,229,820**	**22**	**294**	**$8,396,088**
Durable Goods	50	10	59	$1,328,499	10	166	$4,949,320
Nondurable Goods	51	10	43	$901,321	12	128	$3,446,768
Retail Trade		**109**	**1,166**	**$15,782,983**	**146**	**2,340**	**$54,993,655**
Building Materials	52	12	160	$4,188,413	11	144	$4,234,232
General Merchandise	53	2	72	$842,788	5	307	$5,062,822
Food Stores	54	16	274	$3,639,548	17	880	$27,848,473
Automotive Dealers & Service	55	22	195	$3,448,543	19	274	$8,644,059
Apparel	56	8	16	$171,914	17	61	$828,853
Furniture	57	8	16	$246,322	14	42	$723,056
Eating & Drinking	58	25	386	$2,722,883	37	548	$6,353,271
Miscellaneous Retail	59	16	47	$522,572	26	84	$1,298,889
Finance, Insurance, & Real Estate		**26**	**149**	**$3,226,183**	**53**	**223**	**$5,764,001**
Depository Institutions	60	4	73	$2,279,960	14	76	$2,472,876
Insurance Agents	64	9	24	$462,612	9	24	$673,383
Real Estate	65	11	50	$457,258	25	111	$1,910,099
Services		**125**	**597**	**$7,460,169**	**157**	**905**	**$16,526,274**
Hotels & Lodging Places	70	3	33	$251,334	6	58	$647,896
Personal Services	72	12	51	$612,328	11	49	$979,574
Business Services	73	10	39	$510,182	16	88	$1,146,371
Auto Repair & Services	75	9	56	$918,196	13	59	$1,614,526
Miscellaneous Repair	76	4	5	$82,788	7	7	$173,212
Amusement & Recreation	79	4	37	$279,751	8	65	$714,622
Health Services	80	29	216	$2,965,182	26	212	$4,777,740
Legal Services	81	5	15	$293,641	9	16	$427,066
Educational Services	82	2	23	$232,099	4	29	$477,842
Social Services	83	13	24	$266,748	14	185	$3,495,529
Membership Organizations	86	19	66	$554,415	23	87	$1,190,291
Engineering & Management	87	10	23	$418,003	11	20	$645,501
Private Households	88	4	5	$41,107	6	3	$105,885
Nonclassifiable	**99**	**10**	**2**	**$86,959**	**5**	**5**	**$77,252**
Government		**4**	**471**	**$9,803,993**	**5**	**842**	**$20,915,041**
Local		3	471	$9,802,259	4	841	$20,869,365
Total Covered Employment		**475**	**5,552**	**$95,480,258**	**593**	**8,714**	**$205,576,427**

Source: Oregon Employment Department. Confidential ES-202 Employment Data provided to ECONorthwest.
Notes: Woodburn area employment summarized by ECONorthwest; Covered employment does not include most farm employment, thus the table underestimates total employment.

Table 2-3. Covered employment growth and average payroll per employee in the 97071 zip code area

Sector / Industry	Emp Growth 1990-1999		Pay/Emp 99
Agricultue, Forestry, Fishing	**372**	**39%**	**$17,693**
Agricultural Production - Crops	97	14%	$19,868
Agricultural Services	333	476%	$12,058
Forestry	-54	-60%	$14,139
Mining	**0**	**0%**	**n/a**
Construction	**180**	**89%**	**$28,969**
General Building Contractors	109	173%	$29,108
Heavy Construction	-10	-43%	$35,921
Special Trade Contractors	81	69%	$28,392
Manufacturing	**379**	**22%**	**$26,330**
Food & Kindred Products	83	12%	$23,386
Lumber & Wood Products	246	32%	$25,657
Printing & Publishing	-5	-16%	$23,316
Industrial Machinery & Equipment	50	63%	$32,418
Transportation & Utilities	**109**	**61%**	**$30,556**
Trucking & Warehousing	59	92%	$31,555
Communications	7	44%	$30,317
Wholesale Trade	**192**	**188%**	**$28,558**
Durable Goods	107	181%	$29,815
Nondurable Goods	85	198%	$26,928
Retail Trade	**1,174**	**101%**	**$23,502**
Building Materials	-16	-10%	$29,404
General Merchandise	235	326%	$16,491
Food Stores	606	221%	$31,646
Automotive Dealers & Service	79	41%	$31,548
Apparel	45	281%	$13,588
Furniture	26	163%	$17,216
Eating & Drinking	162	42%	$11,594
Miscellaneous Retail	37	79%	$15,463
Finance, Insurance, & Real Estat	**74**	**50%**	**$25,848**
Depository Institutions	3	4%	$32,538
Insurance Agents	0	0%	$28,058
Real Estate	61	122%	$17,208
Services	**308**	**52%**	**$18,261**
Hotels & Lodging Places	25	76%	$11,171
Personal Services	-2	-4%	$19,991
Business Services	49	126%	$13,027
Auto Repair & Services	3	5%	$27,365
Miscellaneous Repair	2	40%	$24,745
Amusement & Recreation	28	76%	$10,994
Health Services	-4	-2%	$22,537
Legal Services	1	7%	$26,692
Educational Services	6	26%	$16,477
Social Services	161	671%	$18,895
Membership Organizations	21	32%	$13,682
Engineering & Management	-3	-13%	$32,275
Private Households	-2	-40%	$35,295
Nonclassifiable	**3**	**150%**	**$15,450**
Government	**371**	**79%**	**$24,840**
Local	370	79%	$24,815
Total Employment	**3,162**	**57%**	**$23,592**

Source: Oregon Employment Department. Confidential ES-202 Employment Data provided to ECONorthwest. Growth and pay per employee calculated by ECONorthwest.

CONTEXT FOR ECONOMIC GROWTH IN WOODBURN

Economic development in Woodburn over the next twenty years will occur in the context of long-term national trends. The most important of these trends includes:

- Continued westward migration of the U.S. population, and the increasing role of amenities and other non-wage factors as determinants of the location decisions of households and firms.
- Growth in Pacific Rim trade.
- The growing importance of education as a determinant of wages and household income.
- The decline of employment in resource-intensive industries and the increase in employment in service-oriented and high-tech manufacturing sectors of the economy.
- The increasing integration of non-metropolitan and metropolitan areas.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times these trends may run counter to the long-term trends described above. A recent example is the downturn in Asian economies, which caused Oregon's exports to Pacific Rim countries to decline. This in turn led to layoffs in the Lumber & Wood Products and high-tech Manufacturing industries. The Asian economies, however, have substantially recovered, and Pacific Rim trade will continue to play a significant role in the national, state, and local economy. This report takes a long-run perspective on the Woodburn economy (as the Goal 9 requirements intend) and does not attempt to predict short-run business cycles.

Economic development in Woodburn will also be affected by long-run economic trends in Oregon and the Willamette Valley. The

following section describes recent trends in population, income, and employment growth in Oregon, the Portland area, Marion County, and Woodburn. This is followed by the economic outlook for Oregon. Recent economic trends and the economic outlook for Oregon form a primary basis for our expectations of future trends and development patterns in Woodburn. We will use these trends to develop a preliminary forecast of growth in Woodburn that will reflect likely growth in the absence of public policy to affect economic development. Opportunities and constraints affecting future economic development in Woodburn, potential economic development policies, and the outlook for growth in Woodburn are addressed later in this report.

ECONOMIC TRENDS IN OREGON

POPULATION

Oregon's economy is generally more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. This pattern is shown in Table 2-4, which presents data on population in the U.S., Oregon, and selected areas in Oregon over the 1970–2000 period. Table 2-4 shows Oregon grew more rapidly than the U.S. in the 1970s and 1990s (which were generally expansionary periods) but lagged behind the U.S. in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. Oregon's population growth regained momentum in 1987, growing at annual rates of 1.4%–2.9% between 1988 and 1996. The Willamette Valley received over 70% of the state's population growth during this period.

Population growth for Oregon and its regions slowed in 1997, to 1.1% statewide, the slowest rate since 1987. Net migration into Oregon, which is the largest component of population growth, dropped from 35,000 in 1996 to 18,000 in 1999. The reasons most often cited for this slowing of population growth are the recovery of the California economy, the combination of a high cost of living (especially housing) and low wages in Oregon, and a perceived decline in the quality of Oregon's schools.

The Willamette Valley has always been the center of growth in Oregon. The population growth rate in the Willamette Valley has exceeded that of the state in every decade except during the 1970s. Almost 70% of Oregon's population is located in the Willamette Valley, which contains only 14% of the state's land area. Most of the Willamette Valley's population is concentrated in the metropolitan areas of Portland, Salem, and Eugene.[4]

Woodburn and Marion County have grown faster than other areas in Table 2-4 throughout the 1970–2000 period. Marion County's share of Oregon's population has increased from 7.2% in 1970 to 8.3% in 2000.

[4] The Willamette Valley is composed of Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, and Yamhill counties.

Woodburn's share of Marion County's population has increased from 5.0% in 1970 to 7.1% in 2000.

Table 2-4. Population in the U.S., Oregon, Willamette Valley, Portland Area, Marion County, and Woodburn, 1970–2000

					Avg. Ann. Growth Rate		
Area	1970	1980	1990	2000	70-80	80-90	90-00
U.S.	203,211,926	226,545,805	248,709,873	281,421,906	1.1%	0.9%	1.2%
Oregon	2,091,385	2,633,156	2,842,321	3,421,399	2.3%	0.8%	1.9%
Willamette Valley	1,446,594	1,788,577	1,962,816	2,380,606	2.1%	0.9%	1.9%
North Valley	1,107,546	1,355,645	1,517,866	1,876,425	2.0%	1.1%	2.1%
Marion County	151,309	204,692	228,483	284,834	3.1%	1.1%	2.2%
Woodburn	7,495	11,196	13,404	20,100	4.1%	1.8%	4.1%

Sources: U.S. Census and Center for Population Research and Census, Portland State University. Average annual growth rates calculated by ECONorthwest.
Notes: The Willamette Valley consists of Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, and Yamhill Counties. The North Valley consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

Between 1990 and 1999, almost 70% of Oregon's total population growth was from net migration (in-migration minus out-migration), with the remaining 30% from natural increase (births minus deaths). Migrants to Oregon tend to have the same characteristics as existing residents, with some differences—recent in-migrants to Oregon are, on average, younger and more educated, and are more likely to hold professional or managerial jobs, compared to Oregon's existing population. The race and ethnicity of in-migrants generally mirrors Oregon's established pattern, with one exception: Hispanics make up more than 7% of in-migrants but only 3% of the state's population. The number-one reason cited by in-migrants for coming to Oregon was family or friends, followed by quality of life and employment.[5]

Net migration accounted for about 63% of population growth in Marion County in the 1990–1999 period. A review of the *1999 Oregon In-migration Study* shows the characteristics of migrants to Oregon that located in Region 3 (Marion, Polk, and Yamhill Counties) vary from the characteristics for migrants to all of Oregon in several ways:

- A larger share of migrants to Region 3 came moved to Oregon for a job (47.4% in Region 3 vs. 36.3% in Oregon) or family and friends (51.4% vs. 45.1%). Fewer migrants to Region 3 moved to Oregon for quality of life (36.7% vs. 43.8%).

- Of migrants who worked before moving to Oregon, a larger share of those who located in Region 3 worked in Construction/Maintenance (13.4% vs. 5.9%) and Clerical / Administrative Support (21.0% vs. 13.7%). A smaller share of migrants to Region 3 worked in Professional Technical occupations (17.9% vs. 34.9%) before moving to Oregon.

[5] State of Oregon, Employment Department. 1999. *1999 Oregon In-migration Study*.

- A larger share of migrants to Region 3 had annual household incomes less than $15,000 before moving to Oregon (29.5% vs. 22.9%) and a smaller share of migrants to Region 3 had annual household incomes greater than $55,000 before moving to Oregon (20.6% vs. 28.2%).

- A larger share of migrants in Region 3 are doing different work than they were before they moved to Oregon (46.8% vs. 39.2%). Of migrants doing different work, a larger share are now in Professional/Technical positions (40.9% vs. 22.5%).

- The current hourly wage of migrants in Region 3 is $13.50, compared to $15.19 in all of Oregon.

Data on the number and characteristics of migrants to Woodburn are not available.

PERSONAL INCOME

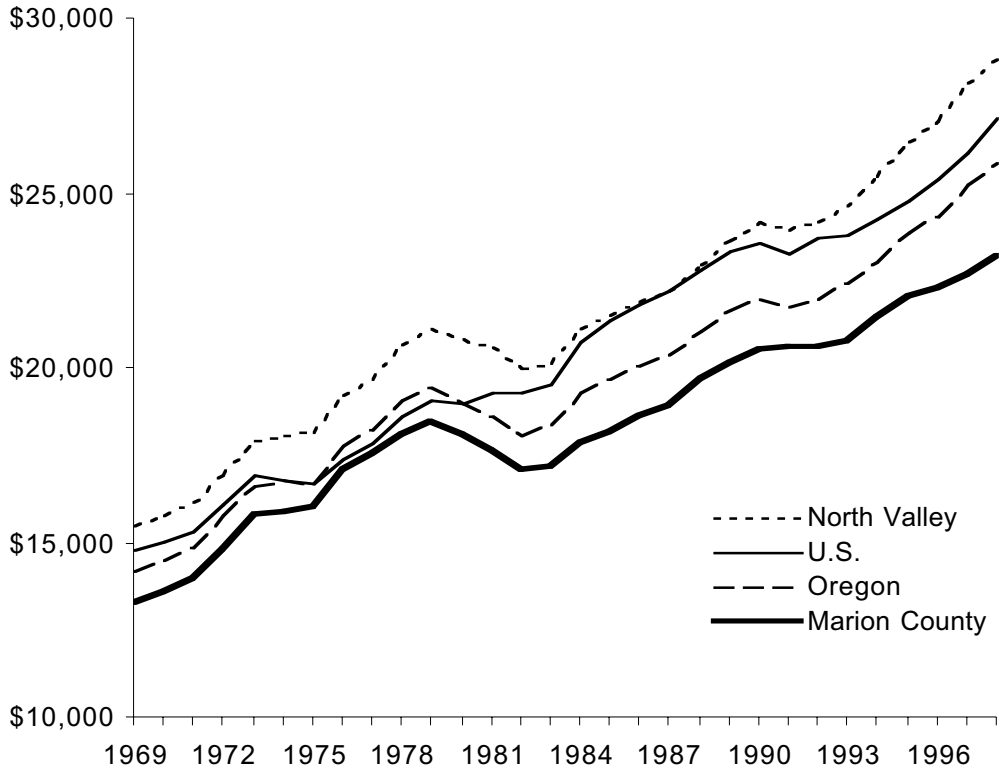
Figure 2-1 shows the level of per capita income in the U.S., Oregon, the North Valley region, and Marion County over the 1969–1998 period.

Before the early-80s recession, per capita income in Oregon was close to the U.S. level, ranging from 96%–102% of the U.S. average between 1969 and 1981. Oregon's per capita income began to fall in 1980, dropping as low as 92% of the U.S. average during 1985–1988 before climbing back to 96% of the U.S. average by 1995. Per capita income in the North Valley region, which includes Portland and its suburbs, has exceeded the U.S. and Oregon average over the 1969–1998 period, ranging from 100%–111% of the U.S. average over this period.

Per capita income in Marion County has been below the U.S. and Oregon average throughout the 1969–1998 period shown in Figure 2-1. Marion County's per capita income peaked at 98% the U.S. average in 1976 but declined, along with the Oregon average, in the recession of the early 1980s. Per capita income in Marion County fell to 85% of the U.S. average by 1985 and has not exceeded 89% of the U.S. average since that time.

These differences of a few percentage points may seem insignificant: they are not. They indicate that average incomes in Marion County are below those of most other counties in Oregon, and suggest Woodburn residents have a different occupational composition, lower wages, higher unemployment rates, or a larger percentage of non-workers (e.g., children and retired).

Figure 2-1. Per capita income in U.S., Oregon, the North Valley region, and Marion County, 1969–1998 (in 1998 dollars)



Source: U.S. Department of Commerce, Bureau of Economic Analysis. 2000. *Regional Economic Information System* (REIS). RCN–0250.

EMPLOYMENT

Employment growth has generally followed the trend of population growth, but employment growth varies more because employment is more closely tied to economic conditions. As for population, over 70% of Oregon's employment is located in the Willamette Valley. The Valley also experienced the largest loss of employment in the recession of the early 1980s.

The composition of Oregon's employment has changed since 1969. Employment growth has been led by the Finance, Insurance and Real Estate (F.I.R.E.) and Services sectors. The share of total employment in these sectors increased from 25% to 35% between 1969 and 1995. Slow growth in Manufacturing caused its share of total employment to decline from 20% to 13% over this period, while other sectors grew at rates close to the statewide average.

In the last 20 years Oregon's economy has made a transition away from reliance on traditional resource-extraction industries, with the growth of high-tech manufacturing, services, and trade. A significant indicator of this transition is the decline of employment in the Lumber & Wood Products industry and the concurrent growth of employment in high-technology

manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments). Employment in Lumber & Wood Products has declined from its 1979 peak, while employment in high-tech industries surpassed that in Lumber & Wood Products 1995.

While this transition has increased the diversity of employment within Oregon, it has not significantly improved Oregon's diversity relative to the national economy. Oregon's relative diversity has historically ranked low among states, primarily due to dependence on the timber industry. Oregon ranked 35th in diversity (1st = most diversified) based on Gross State Product data for 1963–1986, and 32nd based on data for the 1977–1996 period. While Oregon's economy has diversified, it is still heavily dependent on several industries—Oregon's diversity ranking remains low due to disproportionately large timber, high tech, and agricultural industries. Relatively low economic diversity increases the risk of economic volatility as measured by changes in output or employment. For example, while Oregon has enjoyed the upside of increasing concentration in high-tech manufacturing, the 1999 Asian banking crisis has indicated the risk of Oregon's reliance on the high-tech manufacturing industry.[6]

The changing composition of employment has not affected all regions of Oregon evenly. Growth in high-tech and Services employment has been concentrated in urban areas of the Willamette Valley and Southern Oregon, particularly in Washington, Benton, and Josephine Counties. The brunt of the decline in Lumber & Wood Products employment was felt in rural Oregon, where these jobs represented a larger share of total employment and an even larger share of high-paying jobs than in urban areas.

PUBLIC POLICY

Changing economic conditions in Oregon have not only been affected by national and international trends, but also by government action in Oregon. State policy made a concerted effort to attract industries with tax policy (e.g., no unitary tax, which would tax world-wide corporate income of businesses operating in Oregon), changes in corporation codes, reforms to reduce the costs of workers' compensation, investments in infrastructure, and other incentives (e.g., enterprise zones and the Strategic Investment Program, which attempts to stimulate capital-intensive industries through property tax abatement). The State has encouraged international trade and investments with missions and offices in Japan, Taiwan, and other Pacific Rim countries. State policy on land use and environmental quality aim at preserving the natural and cultural amenities that make Oregon attractive to its current and potential residents and businesses—but their effects, however, is not unambiguous, since they may also raise taxes, fees, and land development costs.

[6] LeBre, Jon. 1999. "Diversification and the Oregon Economy: An Update." *Oregon Labor Trends*. February.

OUTLOOK FOR GROWTH IN OREGON

The State's long-term forecast of population and employment in Oregon, the Portland area, and Marion County is shown in Table 2-5 (a long-term forecast for cities is not available). Table 2-5 shows population and employment in Marion County is expected to grow at a faster annual average rate than in the Portland area or in Oregon as a whole over the twenty-year forecast period. Marion County is expected to add over 92,000 people and 36,000 jobs between 2000 and 2020.

Table 2-5. Population and employment forecast for Oregon, the Portland area, and Marion County, 2000–2020

	2000	2010	2020	AAGR 2000-2020
Population				
Oregon	3,406,000	3,857,000	4,326,000	1.2%
North Valley	1,850,740	2,110,655	2,387,993	1.3%
Marion County	285,975	331,025	378,208	1.4%
Employment				
Oregon	1,601,718	1,814,276	1,947,702	1.0%
North Valley	981,332	1,112,609	1,198,658	1.0%
Marion County	131,622	153,015	167,821	1.2%

Source: State of Oregon, Office of Economic Analysis. 1997. Long-Term Population and Employment Forecasts for Oregon. Salem: Department of Administrative Services. January.
Note: Employment is non-agricultural wage and salary employment only. The North Valley region consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

Table 2-6 shows the Oregon Employment Department's ten-year forecast for employment by industry for the Portland Area (Clackamas, Clark, Columbia, Multnomah, and Washington Counties) and Workforce Region 3 (Marion, Polk, and Yamhill Counties). The level of industry detail in this forecast varies by area, with larger areas having more detail. The data in Table 2-6 has been summarized at the level of detail available for Region 3, because this level of detail is available for all areas.

Table 2-6 shows that employment growth in Region 3, which includes Woodburn, should be led by the Services, Retail Trade, and Government sectors, which together are expected to add 22,300 jobs or 77% of total employment growth in the region. High-growth industries within these sectors include Other Services, Local Government, Business Services, Health Services, and Eating & Drinking Places. Manufacturing is expected to add 2,300 jobs or 8% of total employment growth in Region 3, primarily in Other Durable Goods industries.

Employment growth in the Portland area is expected to be led by the Services, Retail Trade, and Manufacturing sectors, which together will add 134,700 jobs or 70% of total employment growth in the area. High-growth industries in these sectors include Business Services (which is projected to add 32,600 jobs), Eating & Drinking Places (13,300), Health Services (12,500), Social Services (10,100), and Electronic & Other Electrical Equipment (9,000). Manufacturing employment growth in the Portland area

is expected to increase by 12.2% in the ten-year projection period, compared to 9.5% in Region 3.

Table 2-6. Forecast nonfarm payroll employment growth in the Portland Area and Workforce Region 3, 1998–2008

Sector / Industry	Portland Area		Region 3		Portland + Region 3	
	Growth	% Change	Growth	% Change	Growth	% Change
Mining & Quarrying	**300**	**27.3%**	**100**	**25.0%**	**400**	**26.7%**
Construction	**9,000**	**16.7%**	**1,400**	**14.7%**	**10,400**	**16.4%**
Manufacturing	**18,300**	**12.2%**	**2,300**	**9.5%**	**20,600**	**11.8%**
Durable Goods	16,900	15.4%	1,800	12.6%	18,700	15.1%
Lumber & Wood Products	-500	-5.7%	100	2.0%	-400	-2.9%
Other Durable Goods	17,400	17.2%	1,700	18.5%	19,100	17.5%
Nondurable Goods	1,400	3.5%	500	5.1%	1,900	3.8%
Food & Kindred Products	-400	-4.1%	100	1.6%	-300	-1.9%
Other Nondurable Goods	1,800	5.9%	400	10.5%	2,200	6.4%
Trans., Comm., & Utilities	**9,500**	**17.8%**	**900**	**19.1%**	**10,400**	**17.9%**
Transportation	8,100	21.5%	700	20.6%	8,800	21.4%
Communications & Utilities	1,400	8.9%	200	15.4%	1,600	9.4%
Wholesale Trade	**13,800**	**19.7%**	**1,100**	**21.2%**	**14,900**	**19.8%**
Retail Trade	**31,600**	**19.5%**	**5,700**	**19.5%**	**37,300**	**19.5%**
General Merchandise Stores	3,800	19.5%	1,100	27.5%	4,900	20.9%
Food Stores	3,400	15.0%	800	16.7%	4,200	15.3%
Eating & Drinking Places	13,300	22.0%	2,100	19.4%	15,400	21.6%
Other Retail Trade	11,100	18.6%	1,700	17.5%	12,800	18.4%
Fin., Ins., and Real Estate	**9,800**	**14.7%**	**1,000**	**12.8%**	**10,800**	**14.5%**
Services	**84,800**	**32.8%**	**11,700**	**29.8%**	**96,500**	**32.4%**
Business Services	32,600	51.0%	2,900	38.2%	35,500	49.7%
Health Services	12,500	20.3%	2,200	18.8%	14,700	20.1%
Other Services	39,700	29.9%	6,600	33.2%	46,300	30.3%
Government	**15,700**	**13.6%**	**4,900**	**11.8%**	**20,600**	**13.1%**
Federal Government	300	1.6%	100	4.5%	400	2.0%
State Government	1,700	13.5%	1,600	8.3%	3,300	10.4%
Local Government	13,700	16.2%	3,200	15.8%	16,900	16.1%
Total	**192,800**	**20.7%**	**29,100**	**18.0%**	**221,900**	**20.3%**

Source: State of Oregon Employment Department, Workforce Analysis. 1999. Employment Projections by Industry 1998–2008. Portland Area projections summarized by sector/industry by ECONorthwest.
Notes: the Portland area consists of Clackamas, Columbia, Multnomah, Washington, Yamhill, and Clark Counties. Workforce Region 3 consists of Marion, Polk, and Yamhill Counties.

Table 2-6 shows the employment growth rate in Region 3 is expected to lag behind other areas, with total employment growing by 18% compared to 18.5% in Oregon and 20.7% in the Portland area. The employment growth rate in Region 3 exceeds that of the Portland area for only Transportation, Communications, & Utilities and Wholesale Trade sectors.

PREVIOUS FORECASTS OF ECONOMIC GROWTH IN WOODBURN

The county coordinated 2020 population forecast for Woodburn is 26,290. This forecast is based on a population allocation that was completed prior to the 2000 Census count.

Portland State University published a July 1, 2000 population estimate of 17,840 for the City of Woodburn. The 2000 Census count placed the City's population at 20,100 as of April 1, 2000; a figure 2,230 persons higher than the PSU estimate.

The differences between the two population forecasts present somewhat of a dilemma for Woodburn. If one accepts the 2020 population forecast of 26,290, and the 2000 Census count of 20,100, Woodburn has already consumed a significant portion of its population forecast. This assertion, however, has problems. Between 1990 and 2000, Woodburn grew by nearly 7,000 persons, or at an annual rate of 4.1%. The population forecast based on the PSU 2000 population of 17,840 the coordinated forecast translates into an average annual growth rate of 2.0% over the 2000–2020 period. This rate is significantly lower than the 1990-2000 trend. If one accepts the 2000 Census, the average annual growth rate decreases to 1.4%.

Given historical trends, the City's population forecast may prove to underestimate future growth in Woodburn.

To our knowledge a coordinated forecast of employment in Woodburn has not been developed. To estimate future travel demand, the *Woodburn Transportation System Plan* (June 1996) estimated employment growth of 3,221 over the 1991–2020 period. With a 1991 employment level of 5,045 this translates into a 2020 employment level of 8,266 or an average annual growth rate of 1.7%. This rate exceeds the forecast annual average employment growth rate in Marion County (1.2%), the North Valley region (1.0%) and Oregon (1.0%) shown in Table 2-5.

Chapter 3 Factors Affecting Future Economic Development in Woodburn

The preliminary growth forecast in the previous section implicitly assumes that the economic factors that influenced growth in Woodburn in the past will behave in a similar way in the future. However, that forecast represents only one possible future and actual growth could be more or less depending on national and regional economic conditions and the economic attributes of Woodburn. National and regional economic conditions were addressed in Chapter 2, and there is little that Woodburn can do to affect these conditions. Woodburn, however, can influence local attributes that affect economic development. This chapter reviews local factors affecting economic development in Woodburn and the advantages, opportunities, disadvantages, and constraints these factors present. This review, and the target industry analysis that follows, will form the basis for developing economic development strategies for Woodburn.

WHAT IS COMPARATIVE ADVANTAGE?

Each economic region has different combinations of productive factors: land (and natural resources), labor (including technological expertise), and capital (investments in infrastructure, technology, and public services). While all areas have these factors to some degree, the mix and condition of these factors vary. The mix and condition of productive factors may allow firms in a region to produce goods and services more cheaply than firms in other regions.

By affecting the cost of production, comparative advantages affect the pattern of economic development in a region relative to other regions. Goal 9 recognizes this by requiring plans to include an analysis of the relative supply and cost of factors of production. An analysis of comparative advantage depends on the geographic areas being compared—this chapter focuses on the comparative advantages of Woodburn relative to the Northern Willamette Valley.

LOCATION

Woodburn's location on I-5 and proximity to the Portland and Salem metropolitan areas is the primary factor that will affect its future development. Being located on I-5 near Portland and Salem creates several advantages and opportunities. Retail businesses located along the I-5 corridor may benefit from increased visibility. The Factory Outlet Mall and Wal-Mart are examples of businesses that benefit from visibility from I-5. All businesses in Woodburn may benefit from increased accessibility to potential customers, suppliers, and employees. Proximity to I-5 and the Portland and Salem areas may also benefit residents of Woodburn by providing convenient

access to jobs, shopping, education, cultural events, and other urban amenities.

Both the Portland and Salem metropolitan areas are expected to grow over the twenty-year planning period. Population and employment growth in Portland and Salem will also create opportunities for economic development in Woodburn. Employment growth in these urban areas will increase the job opportunities for residents of Woodburn. As these urban areas become physically larger and commute times increase, Woodburn may become more attractive as a residential location for people who work in Portland or Salem. Urban growth may also make Woodburn a more attractive location for businesses who need to be near Portland or Salem.

BUILDABLE LAND

An analysis of buildable land was recently completed for the City of Woodburn.[1] This analysis included an inventory of vacant, partially vacant, and redevelopable land in Woodburn, an estimate of demand for buildable land, and potential policies that could affect land supply or demand. Table 3-1 summarizes the supply and demand conditions for buildable land in Woodburn over the 1999–2020 period.

Table 3-1. Buildable land supply and demand conditions in the Woodburn UGB, 1999–2020

Comprehensive Plan Designation	Supply	Demand	Surplus (Deficit)
Low-Density Residential	535.0	340.3	194.7
High-Density Residential	121.1	117.3	3.8
Commercial	146.0	146.0	0.0
Industrial	107.9	440.0	(332.1)
School Facilities (Public or Residential)	n/a	71.7	n/a
Total	910.0	1,115.3	(205.3)

Source: McKeever/Morris Inc., W&H Pacific, E.D. Hovee & Company, Gabriele Development Services, and Manda Beckett Design. 2000. *Woodburn Buildable Lands and Urbanization Project*. Final report issued February 7. Table 5.

Note: The Woodburn Buildable Lands and Urbanization Project findings had not been adopted by the City at the time this report was completed. The City had not adopted land use efficiency measures as required by ORS 197.296 at the time this report was completed.

Table 3-1 shows that Woodburn is expected to have an overall deficit of 205.3 acres over the 1999–2020 period. Estimates by comprehensive plan designation show a 194.7 acre surplus for low-density residential land and a 332.1 acre deficit for industrial land. Since the McKeever/Morris report was completed in 2000, additional development has occurred on industrial land in the northern parts of Woodburn. The development consumed about 34 acres off of NE front. This development increases the deficit of industrial land to 364 acres.

[1] McKeever/Morris Inc., W&H Pacific, E.D. Hovee & Company, Gabriele Development Services, and Manda Beckett Design. 2000. *Woodburn Buildable Lands and Urbanization Project*. Final report issued February 7.

The buildable lands analysis shows supply and demand for high-density residential and commercial land is evenly matched, but the report does not state whether the available land is in the right location to accommodate expected growth. The City does not have a separate plan designation for schools, so there is no land supply shown for the 71.1 acres needed for school construction over the 1999–2020 period. The buildable lands report states that low-density residential land will probably be used for schools.

The Recommended Alternative in the buildable lands analysis contains several suggested policy changes that could affect the supply of or demand for buildable land over the 1999–2020 period:[2]

- **Change specified parcels designated for Commercial, Low-Density Residential, and High-Density Residential to Mixed Use Campus.** This change would apply to three sites in the Woodburn UGB:

  - A 38.4 net acre site south of Wal-Mart, adjacent to I-5 and west of Evergreen Drive. This site is currently designated for commercial use.

  - A 22.5 net acre site located on the north side of Highway 211, abutting the MacLaren State Correctional Facility. This site is currently designated for commercial use.

  - An 11.6 net acre site in the southern portion of Woodburn adjacent to the Union Pacific railroad tracks on the west property line and Boones Ferry Road on the east property line. This site is currently designated for low-density residential use.

  The Mixed Use Campus (MUC) designation would be a new plan designation in Woodburn, and is intended to create a "campus like" environment with industrial and commercial uses that are compatible with each other. Assuming that 50% of MUC land is developed with commercial uses and 50% is developed with industrial uses, this change would change the supply of buildable land by a decrease of 11.6 Low-Density Residential acres, a decrease of 24.6 Commercial acres, and an increase of 33.2 Industrial acres.

- **Increase density range and minimum density for low-density residential uses.** This change would increase the minimum lot size for single-family dwellings from 6,000 to 8,000 sq. ft. for residential land annexed into the city, retain the current 6,000 sq. ft. minimum for residential property currently within the city, allow a minimum lot size of 6,000 sq. ft. in planned unit developments, and allow duplexes outright on corner residential lots with a minimum lot size of 3,500 sq.

[2] These changes are discussed as part of the Recommended Alternative on pages 10–27 of the *Woodburn Buildable Lands and Urbanization Project* report (McKeever/Morris Inc. et. al. 2000). The City had not adopted these changes at the time this report was completed.

ft. per unit. This change would result in higher-density residential development, effectively decreasing demand for low-density residential land by 8.9 acres.

- **Reduce off-street parking standards for retail development by changing the current minimum standard to a** maximum **standard.** This will increase the lot coverage of retail development, effectively reducing the demand for commercial land by 17.5 acres.

- **Allow accessory dwelling units in residential zones.** This change would allow accessory dwelling units in residential zones that are within the primary residential structure. Assuming 20 accessory units replace multi-family units effectively reduces the demand for high-density residential land by 1 acre.

- **Expand the UGB to offset the shortage of industrial land and to include all of the Tukwila residential development.** This action would add four areas to Woodburn's UGB to add 207.8 acres of industrial land and 28.7 acres of low-density residential land:

    - 97.5 net acres of industrial land located west of the Winco Foods property west of I-5.

    - 48.8 net acres of industrial land located northwest of the I-5 interchange.

    - 61.5 net acres of industrial land located adjacent to other industrial uses in the southeast corner of Woodburn.

    - 28.7 net acres of low-density residential land located adjacent to the northern city limit.

Other changes included in the Recommended Alternative would have a negligible affect on the supply or demand for buildable land, or have impacts that are too complex to estimate reliably. Table 3-2 summarizes the changes to the supply and demand of buildable land associated with the policy actions included in the Recommended Alternative of the buildable lands analysis. Table 3-2 shows that the adjustments included in the Recommended Alternative result in an overall surplus of 58.6 acres, rather than the 205.3-acre deficit shown in Table 3-1. Even with the adjustments included in the Recommended Alternative, Woodburn is estimated to have a 7.1-acre deficit of Commercial land and an 88.1-acre deficit of Industrial land. Demand for School Facilities (71.7 acres) is expected to be met by Low-Density Residential land, leaving a surplus of 149 acres.

Table 3-2. Recommended adjustments to buildable land supply and demand in Woodburn, 1999–2020 (in acres)

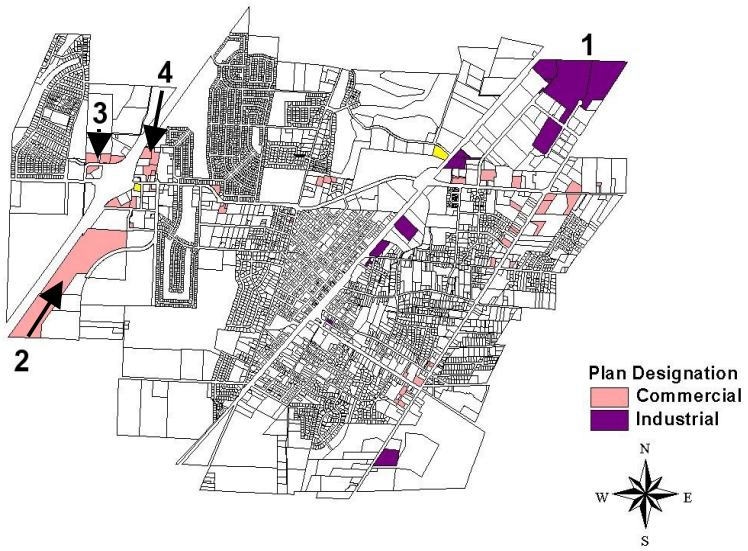
	Comprehensive Plan Designation					
	Low-Density Residential	High-Density Residential	Commercial	Industrial	School Facilities	Total
Current Land Supply	535.0	121.1	146.0	107.9	n/a	910.0
Change designated use to MUC	(11.6)	0.0	(24.6)	36.2	0.0	0.0
Expand the UGB	28.7	0.0	0.0	207.8	0.0	236.5
Adjusted Land Supply	**552.1**	**121.1**	**121.4**	**351.9**	**0.0**	**1,146.5**
Estimated Land Demand	340.3	117.3	146.0	440.0	71.7	1,115.3
Increase residential density	(8.9)	0.0	0.0	0.0	0.0	(8.9)
Reduce off-street parking standards	0.0	0.0	(17.5)	0.0	0.0	(17.5)
Allow accessory dwelling units	0.0	(1.0)	0.0	0.0	0.0	(1.0)
Adjusted Land Demand	**331.4**	**116.3**	**128.5**	**440.0**	**71.7**	**1,087.9**
Total Land Surplus (Deficit)	220.7	4.8	(7.1)	(88.1)	(71.7)	58.6

Source: ECONorthwest, summarized from McKeever/Morris Inc., W&H Pacific, E.D. Hovee & Company, Gabriele Development Services, and Manda Beckett Design. 2000. *Woodburn Buildable Lands and Urbanization Project*. Final report issued February 7. Pages 10–27.

Note: The Woodburn Buildable Lands and Urbanization Project findings had not been adopted by the City at the time this report was completed. The City had not adopted land use efficiency measures as required by ORS 197.296 at the time this report was completed.

Figure 3-1 shows vacant and partially-vacant parcels in Woodburn's UGB. Analysis of the inventory of vacant and partially-vacant parcels over five net buildable acres shows that Woodburn has only two vacant and three partially-vacant commercial parcels, and only four vacant and four partially-vacant industrial parcels, that meet this criteria. Woodburn has only no fully vacant parcels and one partially-vacant industrial parcel larger than 10 net buildable acres. Net buildable acres for each vacant and partially-vacant parcel was calculated in the *Woodburn Buildable Lands and Urbanization Project* report, and equals gross acres minus areas identified as wetlands and land that will be needed for public facilities.

Figure 3-1. Vacant and partially-vacant commercial and industrial sites in Woodburn



Note: Numbers identify potential development sites where contiguous parcels total more than 5 buildable acres.

OAR 660-009-0015 (3) requires an inventory of commercial and industrial sites. The rule allows contiguous parcels of one to five areas to be inventoried together. We identified sites with contiguous vacant or partially-vacant tax lots that together totaled over five net buildable acres. We identified four sites that met this criteria in Woodburn: two industrial sites, and three commercial sites.

Table 3-3. Contiguous commercial and industrial sites of more than five acres

Location/Tax Lot	Status	Total Acres	Gross Buildable Acres
Industrial Sites			
Site 1: NE Front			
051W05D 01800	Vacant	7.1	7.1
051W04C 03100	Partially-Vacant	20.9	6.9
051W05D 03500	Partially-Vacant	30.1	6.2
Subtotal		**58.1**	**20.1**
Commercial Sites			
Site 3: SE of 214/I-5 Interchange			
052W13 00200	Vacant	43.0	43.0
052W14 00100	Vacant	21.1	21.1
Subtotal		**64.0**	**64.0**
Site 4: NE of 214/I-5 Interchange			
052W12B 00600	Vacant	2.33	1.86
052W12B 00601	Vacant	1.83	1.83
052W12B 01000	Vacant	1.76	1.76
052W12B 01101	Vacant	1.30	0.93
Subtotal		**7.22**	**6.38**
Site 5: NW of 214/I-5 Interchange			
052W12AC04301	Vacant	2.43	2.43
052W12AC04303	Vacant	2.10	2.10
052W12AC04302	Vacant	2.01	2.01
052W12AC05100	Vacant	0.37	0.37
Subtotal		**6.91**	**6.91**

Source: Woodburn Buildable Lands Inventory, McKeever-Morris; analysis by ECONorthwest

Part of the rationale for conducting such an analysis is that Woodburn does not have many large commercial and industrial parcels. This analysis identified locations tax lots might be assembled into larger sites that could accommodate larger developments. Figure 3-1 shows the location of vacant and partially-vacant commercial and industrial parcels, and identifies sites where contiguous vacant or partially-vacant parcels total five or more net buildable acres or more.

Table 3-3 summarizes data for the sites identified in Figure 3-1. Site 1 includes three tax lots designated for industrial use with 16.9 net buildable acres. The three tax lots listed in site one are all in separate ownership.

The largest commercial site is adjacent to Interstate 5 and contains 64 net buildable acres. The site consists of two tax lots with the same owner. This site is currently designated for commercial use but would be designated for Mixed Use Campus under the Recommended Alternative in the buildable lands analysis. Two smaller commercial sites exist: one northwest of the I-5/Hwy 214 interchange, and one northeast of the I-5/Hwy 214 interchange. These sites have 6.4–6.9 net buildable acres, and both sites have four tax lots with three different owners.

In addition to the sites shown in Figure 3-1, Table 3-3 shows Site 5, which has 21.2 net buildable acres located on Molalla Road NE, just south of the MacLaren State Correctional Facility. This site consists of four parcels, each with different owners. This site is currently designated for commercial use but would be designated for Mixed Use Campus under the Recommended Alternative in the buildable lands analysis.

Remaining buildable commercial and industrial sites in Woodburn's UGB are scattered in relatively small lots. In addition to commercial and industrial sites currently in Woodburn's buildable lands analysis, the Recommended Alternative of the buildable lands analysis would change the land use designation of a parcel from residential to Mixed Use Campus, and expand the UGB to add three industrial development sites to the UGB (the UGB expansion sites are included as Industrial in the buildable lands analysis but may be designated Mixed Use Campus). These sites are:

- 11.6 net buildable acres on a triangular-shaped parcel in the southern portion of Woodburn, with the Union Pacific railroad tracks on the west property line and Boones Ferry Road on the east property line. This site is currently designated for low-density residential use but would be designated for Mixed Use Campus under the Recommended Alternative in the buildable lands analysis.

- 97.5 buildable net acres of land located west of the Winco Foods property along I-5 and on the east side of Butteville Road. This site has direct access to Butteville Road and Woodland Avenue, which connect to Highway 219 near the I-5 interchange. Water, sewer, and storm lines, as well as Woodland Avenue, are stubbed to the west property line of this site.

- 48.8 buildable net acres of land along Arney Road, north of the Factory Outlet northwest of the I-5 interchange. This site has access to Arney Road, an arterial, and public services abut the site.

- 61.5 net buildable acres of land located adjacent to other industrial uses in the southeast corner of Woodburn, south of Highway 214 and straddling the railroad spur to Molalla. This site has access to

Highway 214 and the railroad, but the buildable lands analysis does not state the availability of public services at this site.

LABOR FORCE

The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. The labor force in Woodburn is not limited to local residents; firms in Woodburn could attract workers from surrounding communities, and residents of Woodburn may work in other communities. Table 3-4 shows the number of Woodburn residents who commuted to other areas to work in 1996. Almost all of the commuters work in the Portland or Salem metropolitan areas. Data on the number of workers who commuted to Woodburn to work is not available.

Table 3-4. Commuters from Woodburn, 1996

Workplace	Commuters
Southeast Metro	1,069
West Metro	957
Portland	892
Salem-Keizer	816
Albany	26
Gresham	20
McMinnville	10
Eugene-Springfield	6
Corvallis	0
Total Commuters	3,796

Source: Oregon Department of Transportation. 1998. *Commuting in the Willamette Valley*. Salem: Transportation Planning Section. May.

The availability of labor is critical for economic development. A recent statewide survey in Oregon found that over one-third of Oregon's recently hiring employers had difficulty filling positions.[3] Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well.

The unemployment rate is one indicator of the relative number of workers who are actively seeking employment. 1997 data from Claritas shows unemployment in the 97071 zip code area (Woodburn) was 6.3% of the labor force, compared to 6.1% in Marion County, 4.9% in the North Valley region, and 6.1% in Oregon. These unemployment rates are relatively low and indicate a tight labor market exists in the region. While the higher unemployment rate in Woodburn may indicate that labor is relatively more available, it also may be higher there because the skills of available workers do not match up to the available jobs.

Direct information on the quality of the workforce is not readily available—it would require an extensive survey about worker's level of education, work experience, and an assessment of cognitive and physical skills. Demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry, and race/ethnicity.

[3] Oregon Employment Department. 2000. *Workforce 2000: An Oregon Employer Perspective*. Salem: Research Section, Workforce Analysis Unit. September.

Table 3-5. Percent of population by age, 1997

Source: Claritas. REZIDE 1996. Percentages calculated by ECONorthwest.

Age	Oregon	North Valley	Marion County	Woodburn
Under 18	26%	26%	27%	31%
18–34	22%	23%	23%	23%
35–49	24%	25%	23%	18%
50–64	14%	14%	14%	11%
65+	14%	13%	14%	17%
Total	100%	100%	100%	100%

Table 3-5 shows the share of population by age in Woodburn, Marion County, the North Valley region, and Oregon. This table shows that compared to other areas, Woodburn has a higher share of population in the under 18 and 65+ age groups. These age groups are generally outside the labor force, indicating that Woodburn has a smaller supply of labor than it would if its age distribution was closer to the Oregon average. Woodburn also has a smaller share of population in the 35–49 and 50–64 age groups, which are the groups most likely to hold managerial or professional positions and be in the peak earning period of their career.

Table 3-6 shows the percent of population by the number of years of education completed. This table shows that Woodburn has a substantially higher share of population that completed only elementary school—20% in Woodburn compared to 6%–9% in other areas. Woodburn has a correspondingly lower share of population that completed 1–3 or 4+ years of college.

Table 3-6. Percent of population by education completed, 1997

Area	College 4+ Years	College 1–3 Years	High School 4 Years	High School 1–3 Years	Elementary 0–8 Years	Total Population
Oregon	21%	32%	29%	12%	6%	100%
North Valley	24%	34%	26%	11%	6%	100%
Marion Co.	18%	32%	29%	13%	9%	100%
Woodburn	11%	25%	29%	15%	20%	100%

Source: Claritas. REZIDE 1996. Percentages calculated by ECONorthwest.

The percent of population by race/ethnicity is shown in Table 3-7. This table shows that Woodburn has a substantially higher share of Hispanic population. The 2000 Census indicated that 50% of Woodburn's population is Hispanic; a figure considerably higher than the Claritas estimates. In 1997, Hispanics had a higher labor force participation rate (77%) than the overall state population (68%).[4] Hispanics also had a higher rate of unemployment in 1998 (8.5%) than the overall population (5.8%). The Oregon Employment Department identified skills mismatches, language, lack of transportation, and education as factors that may hinder Hispanics'

Table 3-7. Percent of population by race/ ethnicity, 1997

Area	White	Black	Hispanic	Other	Total
Oregon	89%	2%	5%	4%	100%
North Valley	87%	3%	5%	5%	100%
Marion Co.	87%	3%	5%	5%	100%
Woodburn	66%	1%	32%	2%	100%

Source: Claritas. REZIDE 1996. Percents calculated by ECONorthwest.

[4] *Hispanics in Oregon's Workforce, 1998.* Oregon Employment Department.

ability to compete well in the job market. A much higher percentage of Hispanics are in Farm, Forestry, and Agricultural occupations than the statewide population as a whole. Moreover, far fewer Hispanics are in professional occupations. This suggests that Hispanics earn less than other groups. According to the Oregon Employment Department, "there is little doubt that in Oregon, income levels are lower than those for all Oregonians."

Table 3-8 shows the percent of population by occupation. This table shows that a larger share of Woodburn residents are in the Farm/Forest/Fishing, Laborer & Handler, and Machine & Transportation Operators occupations, which are generally low-skill and low-wage occupations. Woodburn has a correspondingly low share of population in Executive/Administrative/Managerial and Professional occupations, which are generally high-skill and high-wage occupations.

Table 3-8. Percent of population by occupation, 1997

Occupation	Oregon	North Valley	Marion County	Woodburn
Execs, Admin, Mgrs	12%	13%	12%	9%
Professional	14%	15%	13%	9%
Technical	3%	3%	3%	2%
Sales	12%	12%	11%	9%
Admin & Clerical	15%	16%	16%	11%
HH Services	0%	0%	0%	0%
Other Services	13%	12%	15%	14%
Craft & Precision Prod.	11%	11%	11%	12%
Machine & Trans Operators	11%	10%	10%	14%
Laborer & Handler	4%	4%	4%	6%
Farm, Forest, Fishing	4%	3%	6%	14%
Total	100%	100%	100%	100%

Source: Claritas. REZIDE 1996. Percents calculated by ECONorthwest.

The data in this section suggests that the labor force in Woodburn may lack the skills needed in industries with high-skill and high-wage occupations. If Woodburn wants to attract high-skill and high-wage industries it will need to rely on workers who reside outside of Woodburn, attract higher-skilled residents, or improve the education and training of existing residents.

HOUSING

Housing is an important component of any economic development strategy. Goal 10 requires cities to develop strategies to provide housing affordable to households at all income levels. In addition to concerns about availability of housing affordable to lower income households, issues of providing higher quality housing for managers need to be considered in both housing and economic development strategies.

Moreover, ORS 197.296 requires communities to inventory buildable residential lands and conduct a housing needs analysis. Woodburn completed

such an analysis in February, 2000.[5] The analysis of housing in the section relies largely on information in the Woodburn buildable lands report. We also conducted interviews with local realtors and brokers to develop a broader understanding of the local housing market.

Table 3-9 shows building permits issued for new residential construction in Woodburn between 1988 and 1997. The data show about 1,280 permits were issued during this period. About 70% of residential building permits were issued for single-family dwellings; 38% of all residential permits were issued for manufactured or mobile homes.

Table 3-9. Building permits issued for new residential construction, Woodburn UGB, 1988-1997

Housing Type	Units	Percent of Units
Single-family	394	31%
Manufactured/Mobile Home	308	24%
Manufactured/Mobile Home Park	179	14%
Duplex	22	2%
Multiplex (3-6 DU)	91	7%
Multi-family (7+ DU)	286	22%
Total	1,280	100%

Source: *Woodburn Buildable Lands and Urbanization Project, Final Report.* McKeever/Morris, Inc., February 7, 2000.

Demographics are an important component of determining housing demand and need. The buildable lands study found several demographic trends relevant to discussions of future growth include population and household size:

- Sometime after 1980, the average household size in Woodburn started to increase, running counter to the regional and national trend of decreasing household sizes. This may be attributable, in part, to an increasing proportion of Hispanic families, which census data indicates have larger average household sizes.

- Of particular interest for housing are the results of the 1994 Woodburn Population Enumeration conducted by Portland State University that indicate larger households are concentrated in rental and multiplex units.

- Between 1990 and 1998, annual household income rose in the Woodburn zip code area (some employment and income data is only available by zip code). As of 1998, the proportion of households in the lower income brackets of under $15,000 and $15,000 to $24,999 per year are approximately half their 1990 levels. The proportion of

[5] *Woodburn Buildable Lands and Urbanization Project, Final Report.* McKeever/Morris, Inc., February 7, 2000.

Woodburn area households with incomes between $50,000 and $99,999 doubled during the same period.

The buildable lands study also addressed concerns about jobs/housing balance. Table 3-10 shows that in 1990 there were 0.65 jobs available in the Woodburn zip code for every household. However, at the same time there were 1.06 employed persons per household, suggesting a jobs/housing imbalance. A job/housing imbalance may force residents to seek employment outside the community. Due to significant job growth, between 1990 and 1997, there were approximately 1.01 jobs available in the Woodburn zip code for every household.

Table 3-10. Woodburn zip code (97071) jobs/household balance

Variable	1990	1997/98
Average Employment	3,924	7,834
Peak Employment	5,009	9,794
Employment Low	3,023	6,710
Households	6,011	7,743
Jobs/Household	0.65	1.01

Source: *Woodburn Buildable Lands and Urbanization Project, Final Report.* McKeever/Morris, Inc., February 7, 2000.

Housing affordability was also a key issue addressed in the buildable lands study. Since 1990, single-family housing in Woodburn has been consistently more affordable that housing in surrounding communities. In 1998, the average sales price of a home in Woodburn was $121,000, compared to $133,500 in Mt. Angel, and $161,700 in Silverton.

According to a housing needs analysis completed for Woodburn by E.D. Hovee & Company, empty nesters are buying the most expensive Woodburn homes—those located in new subdivisions around the Tukwila golf course. The homes were reportedly valued at $200,000 and up.

The E.D. Hovee report estimates Woodburn will need an additional 3,052 dwelling units to accommodate population growth between 1998 and 2020. Hovee estimates about 73% of new housing will be single-family and about 27% will be multi-family.

The relationship between job creation, wages, and housing affordability is an important one. The data on employment trends in Woodburn area suggest that (1) incomes are less than county averages, and (2) that many of the jobs forecast in the area will be lower wage jobs. While housing in Woodburn is relatively affordable compared to other nearby communities, the structure of new job creation could lead to a greater affordability gap than exists today.

Data from the Oregon Employment Department conclusively show that Hispanics earn less than the statewide average at all education levels. Moreover, Hispanics have a lower percentage in professional occupations than the state as a whole.

The Department of Housing and Community Services (HCS) with DLCD developed a template to estimate housing needs consistent with the ORS 196.296 requirements. The template does not estimate needed units by housing type, but does estimate needed units by tenure and cost categories. The results for Woodburn, provided by HCS show a need for about 2,348 dwelling units between 2000 and 2020—a figure considerably less than the 3,052 new dwelling units between 1998 and 2020 estimated by E.D. Hovee & Company. The HCS model assumes a tenure split of 67% owner-occupied and 33% renter-occupied.

Table 3-11 shows needed rental units in 2000 and 2020 by rent cost. The results indicate an additional 782 new rental units are needed at all rental values between 2000 and 2020.

Table 3-11. Needed rental units by rental value, 2000 and 2020, Woodburn UGB

Rental Value	2000 DU	2020 DU	New Units Needed	Annual Wage Requirement
0-199	404	552	148	<10k
200 - 429	533	727	195	10k <20k
430 -664	437	596	160	20k <30k
665 -909	321	438	117	30k <40k
910 - 1149	305	417	112	40k <50k
1150 +	141	192	52	50k +
Total	**2,140**	**2,923**	**782**	

Source: Oregon Department of Housing and Community Services, February 2001
Note: rental values in 2000 dollars

Table 3-12 shows needed owner-occupied units in 2000 and 2020 by rent cost. The results indicate an additional 1,566 new owner-occupied units are needed at all rental values between 2000 and 2020.

Table 3-12. Needed owner-occupied units by rental value, 2000 and 2020, Woodburn UGB

Price	2000 DU	2020 DU	New Units Needed	Annual Wage Requirement
<60k	1,157	1,580	423	<10k
50k <90k	824	1,126	301	10k <20k
75k <120k	670	915	245	20k <30k
100k <150k	625	853	228	30k <40k
125k <225k	749	1,023	274	40k <50k
187.5k+	258	353	94	50K +
Total	**4,284**	**5,849**	**1,566**	

Source: Oregon Department of Housing and Community Services, February 2001
Note: price in 2000 dollars

The results of the OHCS model suggest that a substantial number of lower cost units will be needed. For example, 1,067 dwelling units will be needed for households with incomes under $20,000. This is 45% of the City's total estimated housing need. While cost savings are possible, it is difficult to significantly decrease the cost of construction. Increasing wages is another strategy to bringing housing costs more in line with wages.

Economic development strategies pursued by the City could change the distribution of housing need. For example, successfully recruiting a high-wage manufacturing plant could create additional need for owner-occupied dwelling units in the $187,000 and over category. The HCS model allows analysis of affordability gaps by comparing the implied distribution of needed housing units based on income and age, with the actual distribution. The results provided to ECONorthwest by HCS, however, did not include an evaluation of unmet housing need.[6]

PUBLIC SERVICES

The City of Woodburn's Comprehensive Plan contains goals and policies related to the provision of public services. Among these goals and policies are the following:

- The goal is to limit the amount of vacant land within the City in order to enjoy the benefits of an orderly development pattern, that reduces the rate that farm land is converted to urban use and the optimum use of public service and utility capacity.

- To insure the growth is orderly and efficient, the City shall phase the needed public services in accordance with the expected rate of growth. The extensions of public services should be in accordance with the master plans in this Comprehensive Plan.

- To insure that the City's growth does not exceed its ability to provide public services, the City shall adopt a growth control ordinance, similar to the Limited Growth Ordinance now in Effect. When and if the growth control is used, the City shall reexamine the public facilities plan and determine at that time if it is in the public interest to expand facilities to accommodate the additional growth.

These goal and policy statements make it clear that the City of Woodburn wants growth to occur in such a way that facilitates orderly expansion of public services, and that it does not want growth that will exceed the City's ability to provide public services. Thus, public service capacity is critical for economic development in Woodburn.

[6] This evaluation requires the current distribution of housing values and rent. Conducting a rent survey was not included in ECONorthwest's work program for this project.

According to City staff, no water or sewer capacity constraints exist at this time that would preclude development of lands designated for commercial and industrial uses. Moreover, staff indicated that there are no areas in the City that cannot be serviced with water and sewer. Some of the larger parcels in the Southern areas of Woodburn would require extensions that increase development costs, however, these parcels could still be serviced. Staff indicated that no major water or effluent quality problems exist.

In the longer term, the City will need to drill new wells. Staff indicated that the City has sufficient water rights at this time to accommodate forecast population and employment growth. The City has also planned ahead for development in some areas. For example, when the City extended Woodland road on the west side, the sewer line was developed in a manner that would increase the long-term capacity of that area.

The City is in the process of completing a stormwater management plan that will include new development standards. Staff indicated that any new facility will probably be required to construct detention ponds to reduce flow rate to pre-development, and to provide pre-treatment oil/water or vein type separator reduce oils or biological oxygen demand (BOD). Staff also indicated that the Pudding River has been designated as water quality limited by the Department of Environmental quality and that total maximum daily load (TMDL) standards may be slightly different in Woodburn than other nearby communities. Staff, however, were of the opinion that stormwater requirements in Woodburn would be comparable to other cities in the area.

TRANSPORTATION

Several studies of Woodburn's transportation system have been recently completed, including the *Woodburn Transportation System Plan* (1996), *Highway 214 Alternatives Analysis Study* (1999), and the *I-5/Highway 214 Interchange Refinement Plan Study* (2000), as well as several traffic impact studies at key sites. This section will draw from these reports to summarize transportation conditions in Woodburn.[7]

Both the *Interchange Refinement Plan Study* and *Highway 214 Alternatives Analysis Study* used traffic projections based on population and employment projections for the Urban Growth Boundary area developed by City of Woodburn Community Development Staff. These projections were developed prior to the completion of the *Woodburn Buildable Lands and Utilization Project* (2000). The employment projection used to forecast traffic conditions indicated an increase in employment of 3,221 or 64% over the 1991–2020 period. The expected employment increase by area is shown in Table 3-13.

[7] Key points from these documents were summarized by Kittelson & Associates in "Transportation Issues Associated With Economic Development Opportunities In Woodburn." Technical memorandum to Terry Moore from Phill Worth, Julia Kuhn, and Alan Danaher, February 26, 2001.

Table 3-13. Employment increases built into 2020 traffic projections, 1991–2020

	Retail & Service	Government/ Education	Industrial	Other	Total
West of I-5	485	0	616	20	1,121
South of Hwy 214 between I-5 and Boones Ferry Rd	790	0	0	0	790
East of Hwy 99E	340	0	361	0	701
North of Hwy 214 between Boones Ferry Rd and Hwy 99E	65	0	473	0	538
South of Hwy 214 between Boones Ferry Rd and Hwy 99E	73	0	0	0	73
North of Hwy 214 between I-5 and Boones Ferry Rd	39	-71	0	30	-2
Total	1,792	-71	1,450	50	3,221

Source: Interchange Refinement Plan (2000) and Highway 214 Alternatives Analysis, as summarized by Kittelson & Associates, "Transportation Issues Associated With Economic Development Opportunities In Woodburn," February 26, 2001.

To facilitate both local and regional growth, the plans identified several transportation system improvements that will be necessary, including:

- Improvement of the I-5 / Highway 214 interchange or construction of an additional I-5 interchange to serve Woodburn.
- Widening of Highway 214 to four lanes east of I-5 and improvements to the Highway 214 / Boones Ferry Road intersection.
- Improved access management on Highway 99E and development of a future two-lane roadway behind the existing businesses on the east of Highway 99E between Highway 211 and Highway 214.
- Extension of Crosby Road to connect with Highway 99E.
- Development of a southside arterial.
- Improved public transportation service.

I-5 ACCESS

I-5 is the major roadway serving the Woodburn area with a focus on interstate commerce, including trucking and tourism, and is therefore critical to the economic vitality of the City of Woodburn. Transportation plans have found that the single interchange at I-5 at Highway 214 serving Woodburn is inadequate in its current configuration to serve future development in the City, both in terms of capacity and geometry. The *Woodburn Transportation System Plan* (TSP) identified three alternatives for improving I-5 access to be addressed in a subsequent interchange refinement study:

- Improve the existing Highway 214 interchange.

- Extend the existing Highway 214 interchange to the south to create a split diamond interchange with the south ramps, integrated with an extension of Highland Avenue that would cross I-5 and tie into a new Southside Arterial.

- Construct a new interchange at Butteville Road.

Subsequent to the Woodburn TSP, a new truck-fueling depot associated with the Winco Distribution Center west of I-5 was approved and constructed, along the original alignment identified for the extension of Highland Avenue over I-5. This placed a significant constraint on the future ability of tying an extension of Highland Avenue over I-5 to a Southside Arterial.

The 2000 *Interchange Refinement Plan* recommended improving the existing Highway 214 interchange with either a standard diamond or partial cloverleaf configuration. The traffic operations analysis of the partial cloverleaf interchange improvement (including four through lanes on Highway 214 across the interchange) revealed a reserve capacity in 2020 of about 630 vehicle trips during the weekday PM peak hour. This reserve capacity translates into about an added 1,230 employees of general light industrial development, or 1,370 employees of general office development, over and above the employment increases assumed in the 2020 Interchange Refinement Plan analysis.

It is important to note that in order for improvements to the existing interchange to be successful, the improvements to Highway 214 identified in the 2000 *Interchange Refinement Plan* and called for in the *Highway 214 Alternatives Analysis* between Oregon Way and Woodland Avenue must be completed. The improvements identified for each facility (the interchange and Highway 214) are inter-dependent. Doing one set of improvements without the other will not solve either problem.

HIGHWAY 214

The *Highway 214 Alternatives Analysis* documented the need to widen Highway 214 to four through lanes east of the I-5 interchange. West of I-5, Highway 219 can be widened to four through lanes if needed in the longer term to serve added development on the west side of the interchange.

The 2020 corridor traffic operations analysis conducted along Highway 214 as part of the follow up *Interchange Refinement Plan* revealed that the Highway 214 / Boones Ferry Road interchange will be the future capacity constraint in the corridor, with a volume to capacity ratio during the weekday PM peak hour of 0.98. Boones Ferry Road will need to be widened to five lanes through the Highway 214 intersection, and added through and and/or turn lanes on Highway 214 will be required to serve 2020 traffic projections at an acceptable volume to capacity ratio.

With the recommended improvements to the I-5 / Highway 214 interchange, traffic accessing the undeveloped land east of I-5 and south of Highway 214 will have to access this property off Evergreen Road. This is also the major access to Highway 214 for the existing residential area south of Highway 214. With improvements, this intersection is projected to have a volume to capacity ratio of 0.73 during the 2020 weekday PM peak hour, thus having a reserve capacity of about 485 vehicles during the weekday PM peak hour. This translates into about 950 employees of general light industrial development or 1,050 employees of general office development, in addition to the employee increases previously reflected in the 2020 travel demand projections.

It is again important to note that in order for improvements to the existing interchange to be successful, the improvements to Highway 214 identified in the 2000 *Interchange Refinement Plan* and called for in the *Highway 214 Alternatives Analysis* between Oregon Way and Woodland Avenue must be completed. The improvements identified for each facility (the interchange and Highway 214) are inter-dependent. Doing one set of improvements without the other will not solve either problem.

HIGHWAY 99E

There is the potential for new industrial development along Highway 99E north of Highway 214/211, as well as the potential for infill commercial/office/industrial development along this roadway between Highways 214/211 and south of the Highway 214 intersection. Improved access management through raised median development and driveway consolidation along Highway 99E is critical, as the roadway in the central section cannot be widened without major right-of-way impacts. The Woodburn TSP identifies the development of a future two-lane roadway behind the existing businesses on the east of Highway 99E between Highway 211 and Highway 214, which would open up access to the undeveloped industrial-zoned property in that area.

OTHER ROADWAY IMPROVEMENTS

Extending Crosby Road to intersect Highway 214 would improve access to the undeveloped industrially zoned property on the northeast side of the City, and divert some traffic off Highway 214 from Highway 99E. Also, increased use of Crosby Road to access the Woodburn Factory Outlet Stores would reduce traffic on Highway 214 across I-5.

Development of a Southside Arterial would provide access to the undeveloped south west side of Woodburn, but the benefits would be limited unless it were tied to a second interchange on I-5 south of Highway 214, or it extended west across I-5. The section of the Southside Arterial between Highway 99E and Boones Ferry Road would primarily benefit new residential development emerging in that area.

WOODBURN TRANSIT SYSTEM

There is a large transit-dependent and transit-supportive population living in Woodburn. An expansion of the City transit system to provide improved transit service to new employment centers will be required to assure that adequate access to jobs in the area is provided. The Woodburn TSP identified the expansion of bus service through converting the existing bus route to two-way operation, and expanding service coverage on both the north and south sides of Highway 214. A potential future transportation center was also identified to be developed in downtown Woodburn.

LOCAL RAIL SERVICE

The existing Union Pacific Railroad mainline through Woodburn provides an opportunity for new industrial development in the City to use this facility for local rail service. Many undeveloped parcels are identified for such development along the railroad. The provision of added spur tracks could extend east and west of the rail mainline, though caution must be taken to limit the number of new rail/highway rail crossings.

Use of this rail corridor for higher speed passenger service in the Cascadia corridor from Eugene to Vancouver, British Columbia may increase pressure to avoid or reduce the number of at-grade crossings of the railroad, thus limiting the east-west connectivity in Woodburn.

Passenger rail service through Woodburn may present a long-run opportunity for economic development, particularly the revitalization of downtown Woodburn. Currently the Cascadia and Coast Starlight passenger trains do not stop in Woodburn. According to Bob Krebs, Passenger Rail specialist with the Oregon Department of Transportation, the City may be able to get passenger service in Woodburn if it can show that the stop would generate sufficient passenger traffic. The City would also need to fund construction of a passenger rail station.

Demonstrating sufficient demand for passenger rail service is the primary obstacle to getting a stop in Woodburn, as the city has historically produced low ridership when it was served by passenger rail or throughway bus service. It may be difficult for the City to show the potential ridership before the service is available in Woodburn, as having the service would be necessary to attract the type of development that would support ridership. Woodburn would also need to compete with other cities in the corridor that may want passenger service, and the number of stops the train can make is limited because of the impact on travel time, schedule, and other rail traffic.

Planned passenger rail service from Woodburn to the Oregon Gardens in Silverton may present an opportunity to get Cascadia service. A Cascadia stop in Woodburn would allow some travelers to connect to the Oregon Gardens service without driving on I-5.

While the potential for Cascadia service in Woodburn may seem unlikely in the near future, the City may want to preserve the long-run opportunity by protecting a site for a station and the parking and access that would be necessary for the station to function.

RENEWABLE AND NON-RENEWABLE RESOURCES

Goal 9 requires economic development plans to be based on a consideration of the availability of renewable and non-renewable resources and pollution control requirements in the planning jurisdiction. Goal 9 goes on to state that economic projections should take into account the availability of natural resources to support the expanded development, and that plans to improve the economy should consider as a major determinant the carrying capacity of the air, land, and water resources of the planning area.

Agricultural land and regulations to protect threatened and endangered species are two resource issues with potential to affect economic development planning in Woodburn. The availability of buildable land and water supply issues are addressed elsewhere in this chapter.

Woodburn is located in the fertile French Prairie portion of the Willamette Valley, and it has traditionally served as an agricultural service center for northern Marion County. Agricultural production in the area has supported employment in Woodburn, both directly as in the Food Processing industry, and indirectly in the Retail Trade and Services sectors.

While employment in agricultural production and food processing is not expected to grow substantially in the forecast period, it should continue to play an important role in Woodburn's economy. Agriculture in Oregon is less constrained by regulation and environmental issues compared to other states, especially the water supply issues that are reducing the capacity of California farmers to supply fruit and vegetables. This may open an opportunity for Willamette Valley farmers and processors to boost production and market share in fresh and processed foods. A threat to agricultural activity in Woodburn and the surrounding area is population growth in the Willamette Valley, may reduce the amount of land in production by converting agricultural land to urban and rural residential uses.

The listing of the upper Willamette Spring Chinook and Steelhead may have widespread effects in the Willamette Valley because these fish swim and spawn in the Willamette River and its tributaries. Because these species were only recently listed as threatened, specific regulations to protect these species have not been adopted. However, it is widely anticipated that regulations will impact economic activity by restricting some agricultural practices, increased standards for storm and sanitary sewer discharges into waterways, and further limiting development near streams and rivers.

Regulations to protect salmon will be imposed throughout the Willamette River basin. Regulations to protect salmon should have less of an impact in Woodburn than in many other Willamette Valley communities, because

Woodburn is not located on the Willamette River or one of its tributaries, and Woodburn's Comprehensive Plan identifies only Senecal Creek and Mill Creek as potential fish habitat. In this context the implementation of regulations to protect salmon may create a comparative advantage for development sites in Woodburn. While these measures may impose significant costs to specific activities at specific sites, overall they are unlikely to significantly affect the overall level of income or employment in the Willamette Valley.

QUALITY OF LIFE

Quality of life is difficult to assess because it is subjective—different people will have different opinions about factors affect quality of life, desirable characteristics of those factors, and the overall quality of life in any community. Economic factors such as income, job security, and housing cost are often cited as important to quality of life. These economic factors and overall economic conditions are the focus of this report, so this section will focus on non-economic factors that affect quality of life.

Quality of life can be important for economic development in Woodburn because it affects the relative attractiveness of the city to migrants. Net migration is expected to make up about 70% of the Oregon's population growth over the next twenty years.[8] A relatively desirable quality of life may help Woodburn attract more migrants than it otherwise would. Most migrants bring work skills that will help increase availability of labor in the region and support economic activity in the construction, retail trade, and services sectors. Some migrants may be highly-skilled and can help generate further economic development by adding their skills to existing businesses or by attracting new businesses to the area.

The developed portions of Woodburn contribute to quality of life by providing schools, public safety, shopping, parks, and cultural activities, and Woodburn's location near Portland allows its residents to enjoy the cultural opportunities of a larger urban area. Woodburn's size and location allow its residents to enjoy these urban amenities while maintaining a small-town or rural lifestyle and having access to outdoor recreational opportunities. While Woodburn shares these quality of life attributes with other communities in the Willamette Valley, the combination of proximity to larger cities with a small-town or rural lifestyle will become increasingly scarce as population growth continues. A challenge for Woodburn will be maintaining the qualities of a small town while accommodating population and employment growth. To the extent that Woodburn becomes more like other suburban communities it will loose the advantage of having small-town character with proximity to larger urban areas.

[8] State of Oregon, Office of Economic Analysis. January 1997. *Long-Term Population and Employment Forecasts for Oregon*. Salem: Department of Administrative Services.

Chapter 4

Target Industries

This chapter builds on Woodburn's opportunities and constraints as well as our analysis of national, state and regional economic trends to identify target industries.

CRITERIA FOR SELECTING TARGET INDUSTRIES

Selecting target industries is not an easy task. First, there is the issue of deciding how many industries to target. This depends on the purpose of the targeting. For the purpose of the Economic Opportunity Analysis, we believe that targeting 10-15 industries will provide potential for more focused analysis of site needs and for coordinated efforts to attract good jobs to Woodburn.

Both the attractiveness of the industry to Woodburn and the attractiveness of Woodburn to the industry must be considered when selecting target industries. These considerations are embodied in the criteria used to select target industries in this chapter. These criteria are:

- **1999 employment in Woodburn and the North Valley region.** Industries with significant existing employment in the North Valley Region are the industries most likely to have significant growth opportunities. Small industries are unlikely to add great numbers of employees or have an impact on Woodburn's economy, even if their expected employment growth rate and average payroll are high.

- **Employment growth 1990–1999 in Woodburn and the North Valley region.** Past employment growth can be an indicator of the potential for future employment growth. Industries that have been growing in the community in recent times may continue to grow in the future.

- **Expected employment growth 1998–2008 in Workforce Region 3 and the Portland Area.** Employment forecasts indicate whether an industry is going to gain or shed jobs in the area. For the target industry analysis we use 1998–2008 employment forecasts from the Oregon Employment Department for Workforce Region 3 (Marion, Polk, and Yamhill Counties) and the Portland Area (Clackamas, Clark, Columbia, Multnomah, Washington, and Yamhill Counties).

- **Regional average payroll per employee.** Average wages vary quite a bit. Retail and service industries tend to have lower wages, while manufacturing industries tend to have higher wages.

These criteria were used to identify potential target industries for further analysis. High-wage industries with the best prospects for growth were then further evaluated using the following criteria:

- **Local and regional location quotient.** A location quotient is the ratio of the percentage share of an industry's employment in the local economy to the percentage share of that industry's employment in a larger area. Thus it reflects the relative concentration of an industry in a particular area. For example, if mitten manufacturing accounts for 5% of employment in Woodburn but 10% of employment in the North Valley region, the local location quotient for mitten manufacturing is 0.5. A location quotient can have opposite interpretations depending on circumstances. A location quotient less than one suggests that the local economy may be able to attract its share of regional employment in that industry, or that the local economy has a comparative disadvantage for firms in that industry. A location quotient greater than one suggest that the local economy may not be able to attract more employment in that industry because it already has more than its regional share, or that the local economy has comparative and competitive advantages for firms in that industry that may lead to further growth.

  Location quotients were calculated for Woodburn and the North Valley region. Comparing location quotients essentially compares one mixed message with another, but in general:

  - When both are lower than one it suggests that the region is not attractive to firms in that industry, although in some cases there may be an opportunity to attract firms in that industry.

  - High location quotients in both Woodburn and the North Valley suggests that the region has a comparative advantage for firms in that industry, but growth prospects depend on national economic conditions and industry trends.

  - A high location quotient in the North Valley but low in Woodburn suggests the region has comparative advantages for firms in that industry and Woodburn may be able to attract a larger share of employment in that industry.

  - A low location quotient in the North Valley but high location quotient in Woodburn suggests that the region does not have a comparative advantage in that industry, and the local prospect for growth is low.

- **Environmental characteristics.** For some industries, air or water emissions, noise, vibration, or traffic congestion might be an issue of concern to Woodburn.

- **Compatibility with public utilities.** In some cases, an industry's expected use of water, sewer, drainage, or electricity infrastructure might be higher than normal. This is not necessarily negative, unless Woodburn's public utilities could not efficiently provide the needed capacity.

- **Other factors.** These include consideration of whether the industry is a primary one that is likely to attract outside dollars and have high spin-off effects, and whether the location is one that makes sense for industries in terms of proximity to markets and suppliers.

POTENTIAL TARGET INDUSTRIES FOR WOODBURN

FIRST-ROUND EVALUATION

ECO narrowed the list of nearly 70 industries to 24 *potential* target industries through the application of the first set of criteria described above. In applying the criteria, ECO separated the industries into two groups to reflect their different nature. The first group includes industries commonly referred to as **Industrial**—those in the Construction, Manufacturing, Transportation/Communication/Utilities, and Wholesale Trade sectors. The second group includes **Non-Industrial** industries—those in the Agriculture, Mining, Retail Trade, Finance/Insurance/Real Estate, Services and Government sectors.

Standards for each criteria were set to identify target industries. While the criteria are the same for Industrial and Non-Industrial industries, the standards vary to reflect different conditions in each set of industries.

- **1999 employment:** over 1,000 for industries in the North Valley region. Industries below these thresholds may be too small to generate significant opportunities for employment growth in Woodburn.

- **Employment growth 1990–1999:** over 10% for Industrial firms and over 20% for Non-Industrial firms because of a higher average growth rate in Non-Industrial industries.

- **Expected employment growth 1998–2008:** over 0% for Industrial industries and over 10% for Non-Industrial industries, again because of a higher average growth rate in Non-Industrial industries.

- **Regional average payroll per employee:** over $35,000 for Industrial industries and over $30,000 for Non-Industrial industries, because of the higher average payroll per employee levels in Industrial industries.

These criteria and standards were used to make a first pass at identifying potential target industries for Woodburn. To make it to the second round of evaluation, industries had to meet the standards for all criteria. The results of applying the criteria to Industrial and Non-Industrial industries are shown in Tables 4-1 and 4-2. The shading in the table represents criteria on which the industries failed the standards listed. The 24 industries that are shaded are those that were not selected as potential target industries for a second round of evaluation.

Table 4-1. First-round criteria for selecting potential industrial target industries

INDUSTRIAL: CONSTRUCTION, MANUFACTURING, TCU, WHOLESALE TRADE

SIC	CRITERIA--> / STANDARD-->	1999 Employment: 97071 Zip Code Area	1999 Employment: North Valley Region	Employment Growth 90-99: 97071 Zip Code Area	Employment Growth 90-99: North Valley Region	Employment Growth 98-08: Region 3	Employment Growth 98-08: Portland Area	Regional Average Payroll per Employee
		none	>1,000	Either >10%		Either >0% (if data available)		>$35K
15	General Building Contractors	172	12,011	173%	44%			$39,892
16	Heavy Construction	13	4,873	-43%	31%			$45,209
17	Special Trade Contractors	198	33,527	69%	53%			$37,381
20	Food & Kindred Products	776	13,401	12%	2%	2%	-4%	$29,139
22	Textiles		1,014		-34%		-18%	$33,533
23	Apparel		2,053		-10%		-7%	$21,496
24	Lumber & Wood Products	1,013	10,823	32%	-8%	2%	-6%	$34,962
25	Furniture		2,759		29%		8%	$30,241
26	Paper & Allied Products		3,791		-9%		0%	$47,712
27	Printing & Publishing	27	11,224	-16%	22%		8%	$37,066
28	Chemicals		1,963		36%		8%	$43,100
29	Petroleum & Coal		334		-43%			$46,687
30	Rubber & Plastics		5,297		51%		20%	$30,476
31	Leather		329		-18%		-7%	$25,595
32	Stone, Clay, & Glass		3,391		29%		17%	$36,253
33	Primary Metal		8,282		-1%		7%	$44,561
34	Fabricated Metal		11,979		26%		14%	$35,095
35	Industrial Machinery & Equipment	129	15,372	63%	20%		9%	$50,087
36	Electronic & Electric Equipment		27,049		102%		30%	$70,421
37	Transportation Equipment		12,719		25%		23%	$46,794
38	Instruments		8,489		-22%		5%	$55,428
39	Miscellaneous Manufacturing		2,462		-10%		11%	$31,830
40	Railroad							$17,645
41	Passenger Transit		3,337		37%			$18,841
42	Trucking & Warehousing	123	16,341	92%	4%	21%	22%	$35,280
44	Water Transportation		1,954		67%			$50,295
45	Air Transportation		10,593		156%			$34,502
46	Pipelines							
47	Transportation Services		3,906		25%	21%	22%	$33,488
48	Communications	23	8,426	44%	10%	15%	4%	$52,649
49	Electric, Gas, Sanitary		6,270		21%		16%	$62,150
50	Wholesale Trade: Durables	166	37,840	181%	10%		19%	$46,682
51	Wholesale Trade: Nondurables	128	28,589	198%	29%		20%	$45,596

Source: Oregon Employment Department, confidential ES-202 data provided to ECONorthwest, and Industry Projections 1998–2008.
Calculations and summary by ECONorthwest.
Notes: Shaded cells indicate that the industry failed under the listed criteria.

Table 4-2. First-round criteria for selecting potential non-industrial target industries

NON-INDUSTRIAL: AGRICULTURAL SERVICES, RETAIL, FIRE, SERVICES, GOVERNMENT							
	1999 Employment		Employment Growth 90-99		Employment Growth 98-08		Regional Average Payroll per Employee
CRITERIA-->	97071 Zip Code Area	North Valley Region	97071 Zip Code Area	North Valley Region	Region 3	Portland Area	
STANDARD-->	none	>1,000	Either >20%		Either >10% (if data available)		>$30K
01 Agricultural Production - Crops	775	15,152	14%	23%			$18,104
02 Agricultural Production - Livestock		846		-6%			$23,364
07 Agricultural Services	403	9,142	476%	89%			$20,815
08 Forestry	36	1,470	-60%	-18%			$22,167
09 Fishing, Hunting, Trapping		18		64%			$40,361
52 Building Materials	144	6,912	-10%	60%		24%	$26,597
53 General Merchandise	307	22,075	326%	20%	28%	20%	$23,904
54 Food Stores	880	21,283	221%	-2%	17%	15%	$20,741
55 Automotive Dealers & Service	274	18,896	41%	29%		18%	$32,423
56 Apparel	61	9,626	281%	40%		15%	$19,131
57 Furniture	42	8,914	163%	50%		18%	$27,192
58 Eating & Drinking	548	61,201	42%	31%	19%	22%	$12,444
59 Miscellaneous Retail	84	18,264	79%	29%		20%	$18,863
60 Depository Institutions	76	14,676	4%	5%		18%	$34,885
61 Nondepository Institutions		6,937		136%		18%	$46,419
62 Security & Commodity Brokers		3,016		83%		18%	$94,926
63 Insurance Carriers		14,314		23%		9%	$42,024
64 Insurance Agents	24	6,033	0%	34%		9%	$39,821
65 Real Estate	111	14,543	122%	46%		15%	$27,425
67 Holding & Investment Offices		1,407		-13%		18%	$85,491
70 Hotels & Lodging Places	58	10,216	76%	27%		20%	$16,499
72 Personal Services	49	8,051	-4%	13%		14%	$18,843
73 Business Services	88	68,241	126%	82%	38%	51%	$31,253
75 Auto Repair & Services	59	10,009	5%	42%		30%	$25,886
76 Miscellaneous Repair	7	2,620	40%	-27%			$31,091
78 Motion Pictures		4,910		104%		36%	$24,175
79 Amusement & Recreation	65	11,640	76%	91%		36%	$22,387
80 Health Services	212	63,475	-2%	24%	19%	20%	$36,003
81 Legal Services	16	7,228	7%	13%		13%	$48,353
82 Educational Services	29	13,357	26%	50%		40%	$25,073
83 Social Services	185	24,879	671%	75%		43%	$18,716
84 Museums	0	668		12%			$21,780
86 Membership Organizations	87	14,388	32%	40%			$19,130
87 Engineering & Management	20	20,042	-13%	39%	38%	30%	$45,272
88 Private Households		1,583	-40%	68%			$15,234
89 Services NEC	0	287		23%			$45,249
Local Government	841	86,691	79%	40%	16%	16%	$33,404
State Government		27,331		-13%	8%	14%	$35,765
Federal Government		16,857		-5%	5%	2%	$44,412

Source: Oregon Employment Department, confidential ES-202 data provided to ECONorthwest, and Industry Projections 1998–2008. Calculations and summary by ECONorthwest.
Notes: Shaded cells indicate that the industry failed under the listed criteria.

SECOND-ROUND EVALUATION

The 24 industries identified as potential target industries in the first round of evaluation were further evaluated based on a second set of criteria, including location quotients, environmental characteristics, compatibility with public infrastructure, and other factors. This evaluation is more qualitative than the measurable criteria used in the first round of identifying target industries. Table 4-3 provides our evaluation of these industries. As with the first round of evaluation, shading means that the industry failed according to the criteria listed. Shaded industries were not selected as target industries.

Table 4-3. Second-round criteria for selecting target industries

SIC	Industry	Location Quotient: Local Relative to Region	Location Quotient: Regional Relative to U.S.	Comments on Location Quotients	Environmental Characteristics	Compatibility with Infrastructure	Other Comments
15	General Building Contractors	1.58	1.11				Ancillary to other industrial and residential growth
16	Heavy Construction	0.29	0.76	Low regional and local shares; unlikely that industry finds comparative advantage in region or Woodburn			Ancillary to other industrial and residential growth
17	Special Trade Contractors	0.65	1.12				Ancillary to other industrial and residential growth
27	Printing & Publishing	0.26	1.01	Potential for growth in Woodburn as regional share is not too low			
28	Chemicals	2.64	0.27	High local share of small regional share	Potential source of water and air pollution and toxic wastes		
32	Stone, Clay, & Glass	0.26	0.85				
34	Fabricated Metal	0.45	1.12				
35	Industrial Machinery & Equipment	0.92	1.02				
36	Electronic & Electric Equipment	0.00	2.31	Potential for growth in Woodburn due to high regional share		Some firms require large quantities of clean water	
37	Transportation Equipment	0.00	0.96	Potential for growth in Woodburn as regional share is not too low			
42	Trucking & Warehousing	0.83	1.26			Places high demand on transportation system	
44	Water Transportation	0.00	1.49				Not practical in Woodburn, which lacks navigable waterways
48	Communications	0.30	0.77	Low regional and local shares; unlikely that industry finds comparative advantage in region or Woodburn			
49	Electric, Gas, Sanitary	0.72	1.03				Ancillary to other industrial and residential growth
50	Wholesale Trade: Durables	0.48	n/a	Potential for growth in Woodburn if regional share is not too low		Places high demand on transportation system	
51	Wholesale Trade: Nondurables	0.49	n/a	Potential for growth in Woodburn if regional share is not too low		Places high demand on transportation system	
55	Automotive Dealers & Service	1.60	1.10				Ancillary to other industrial and residential growth
61	Nondepository Institutions	0.05	n/a	Potential for growth in Woodburn if regional share is not too low			Primarily located in central city/suburban locations, but may be opportunity for back office operations
62	Security & Commodity Brokers	0.11	0.59	Low regional and local shares; unlikely that industry finds comparative advantage in region or Woodburn			
73	Business Services	0.14	1.03	Potential for growth in Woodburn as regional share is not too low			Primarily located in central city/suburban locations, but may be opportunity for back office operations
76	Miscellaneous Repair	0.29	0.95	Potential for growth in Woodburn as regional share is not too low			Ancillary to other industrial and residential growth
80	Health Services	0.37	0.87	Potential for growth in Woodburn as regional share is not too low			Major hospitals located in regional centers (Portland & Salem), but may be opportunity for clinical services
87	Engineering & Management	0.11	0.82	Potential for growth in Woodburn as regional share is not too low			
	Local Government	1.07	0.99				Ancillary to other industrial and residential growth

Source: Oregon Employment Department ES-202 data, ECONorthwest.
Notes: Shaded cells indicate that the industry failed under the listed criteria.

LOCATION QUOTIENTS

As we mentioned earlier, location quotients are difficult to interpret despite their quantitative nature. In general, we believe that regardless of the *local* location quotient in Woodburn, a high *regional* location quotient means the region has a significant share of employment, and Woodburn could possibly take advantage of the region's comparative advantage. The converse of this is that low regional location quotients are negative; they provide an unfavorable assessment about the region's comparative advantage, which may not be altered by Woodburn's economic development strategies.

Even if the local location quotient for Woodburn is high, meaning that Woodburn has a comparative advantage in that industry within the region, the *region* must have some minimum location quotient in that industry, otherwise Woodburn's high share of regional employment represents a high share of something fairly insubstantial.

Because of the difficulty in interpreting these location quotients, we only used them to eliminate three industries (heavy construction, communications, and security and commodity brokers). We did so where both the local and the regional location quotients were less than 0.8, indicating that neither the region nor Woodburn has a comparative advantage in these industries.

ENVIRONMENTAL CHARACTERISTICS

Though many industries are potentially detrimental to the environment, we considered only the chemicals industry to have serious enough issues in this regard to warrant its exclusion from the target industries list.

COMPATIBILITY WITH INFRASTRUCTURE

Though several industries place a high demand on the transportation system, and electronic fabrication industries can use high quantities of water, without detailed modeling we cannot justify the conclusion that Woodburn is incapable of supporting these industries.

OTHER FACTORS

Six industries, including construction industries, automotive dealers, repair services, and local government, were eliminated from the target industry list because they are ancillary in nature. Because they are dependent on growth in other industries and the residential population, they are difficult to target.

FINAL TARGET INDUSTRIES

Table 4-4 lists the 13 target industries that were selected after the first-round and second-round evaluations.

Table 4-4. Target industries for Woodburn

SIC	Industrial Industries	SIC	Non-Industrial Industries
27	Printing and Publishing	61	Nondepository Institutions
32	Stone, Clay, & Glass	73	Business Services
34	Fabricated Metal	80	Health Services
35	Industrial Machinery & Equipment	87	Engineering & Management
36	Electronic and Electric Equipment		
37	Transportation Equipment		
42	Trucking & Warehousing		
50	Wholesale Trade: Durables		
51	Wholesale Trade: Nondurables		

Source: ECONorthwest.

The types of firms included in each target industry category are described in Appendix B of this report.

LOCATIONAL AND SITE NEEDS OF FIRMS IN TARGET INDUSTRIES

The required site and building characteristics for the target industries range widely. As such, a variety of parcel sizes, building types and land use designations are required to attract target industries.

There are generally four types of site classifications for the target industries: large lot industrial sites (40-80+ acre parcels); campus research and development (R&D) and smaller manufacturing sites (20 to 40 acre parcels); smaller light industrial/office sites (4-20 acre parcels); and speculative space within office/flex and mixed-use developments. This section describes some of the locational and site needs of typical firms in target industries.

Large lot target industries include Electronic and Electric Equipment manufacturing (i.e., silicon chip fabrication plants). These users are generally more land intensive (typical site requirements exceed 100 acres) and have a relatively high level of environmental and water system impacts.

Industries with firms that may locate in campus research and development (R&D) and manufacturing sites include Electronic and Electric Equipment and the rest of the manufacturing industries may fall into this category.

Smaller light industrial/office sites (4-20 acre parcels) and speculative space within office/flex and mixed-use developments could accommodate smaller manufacturing firms, firms in Wholesale Trade and all of the Non-Industrial target industries.

Table 4-5 summarizes the lot sizes needed for firms in target industries for which data is available at this time.

Table 4-5. Typical lot size requirements for firms in target industries

Industry	Lot Size (acres)	Site Needs
Printing & Publishing	5 – 10	
Stone, Clay & Glass	10 – 20	Flat
Fabricated Metals	10 – 20	Flat
Industrial Machinery	10 – 20	Flat
Electronics – Fab Plants	40 – 80+	Suitable soil
Electronics – Other	10 – 30	
Transportation Equipment	10 – 20	Flat
Trucking & Warehousing	varies	
Wholesale Trade	varies	
Non-Depository Institutions	1 – 5	
Business Services	1 – 5	
Health Services	1 – 10	
Engineering & Management	1 – 5	

Source: ECONorthwest.

More specific locational issues for firms in target industries include the following issues:[1]

- **Land use buffers:** According to the public officials and developers/brokers ECO has interviewed, industrial areas have operational characteristics that do not blend as well with residential land uses as they do with office and mixed-use areas. Generally, as the function of industrial use intensifies (e.g., heavy manufacturing) so to does the importance of buffering to mitigate impacts of noise, odors, traffic, and 24-hour 7-day week operations. Adequate buffers may consist of vegetation, landscaped swales, roadways, and public use parks/recreation areas. Depending upon the industrial use and site topography, site buffers range from approximately 50 to 100 feet. Selected commercial office, retail, lodging and mixed-use (e.g., apartments or office over retail) activities are becoming acceptable adjacent uses to light industrial areas.

- **Flat sites:** Flat topography (slopes with grades below 10%) is needed for manufacturing firms, particularly large electronic fabrication plants and 10+ acre fabricated metals and industrial machinery manufacturing facilities.

- **Parcel configuration and parking:** Industrial users are attracted to sites that offer adequate flexibility in site circulation and building layout. Sites must also provide adequate parking, vehicular

[1] Fortune 500 companies appear to be trending towards suburban locations for corporate campus facilities. Relatively low cost land, flexibility for future growth, and proximity to labor force are typical reasons for locating facilities such as Nike, Intel, In-Focus, and Tektronix in suburban locations. Given the relatively high cost of land in California and Washington, and short supply of sites over 20 acres throughout the western United States, there is an emerging opportunity for the Woodburn area. Woodburn is close enough to the high-tech areas of Wilsonville and Washington County to be a viable option for a corporate campus. Firms in Electronic and Electric Equipment and Business Services have potential in this regard.

circulation and open space. Parking ratios of 1.5 to 2.5 spaces per 1,000 square feet are typical design requirements. In general rectangular sites are preferred with parcel width of at least 200-feet and length that is at least two times the width for build-to-suit sites. Parcel width of at least 400 feet is desired for flex/business park developments.

- **Soil type:** Soils stability and ground vibration are fairly important considerations for special high precision manufacturing processes, such as assembling 650 megahertz or higher speed microchips.

- **Building density:** Today's industrial buildings are designed to accommodate materials shipments, goods storage, manufacturing processes, and administrative and customer-support functions. In addition to solid foundations to accommodate the weights of fork lifts moving heavy goods as well as machinery, interior ceiling heights of 18 to 28 feet are expected for manufacturing facilities. Even higher ceiling heights (of up to 45 feet) are expected for warehousing facilities. The ratio of building floor area to site area (FAR) typically ranges from 0.35 for industrial/flex buildings to 0.5 for office buildings. Building depth for industrial and flex buildings is often 100 to 120 feet, while width varies significantly.

- **Air transportation:** Proximity to air transportation is also key for high technology manufacturing industries, particularly those in the Electronic and Electric Equipment and Industrial Machinery industries. The distance of Woodburn to a major airport could be a drawback in attracting the target industries.

- **Fiber optics and telephone:** In the near future, most if not all industries shall expect access to high-speed internet communications. Some industries, such as internet hotels (a subset of SIC 73—Business Services), require the largest fiber optic telecommunications system available, while others need only redundant T-1 capacity.

- **Potable water:** Potable water needs range from domestic levels to 300 kgpd (thousands of gallons per day). Significantly higher levels of water demand are associated with selected industries in SIC 36 (i.e., silicon chip fabrication plants). However, emerging technologies are allowing these industries to rely on recycled water with limited on-site water storage and filter treatment. The demand for water for fire suppression also varies.

- **Power requirements:** Electricity power requirements range from redundant 115 kva to 230 kva. Average daily power demand (as measured in kilowatt hours) generally ranges from approximately 5,000 kwh for small business service operations to 30,000 kwh for very large manufacturing operations. The highest power requirements are associated with SICs 34, 36 and telecom hotels (within SIC 73). For comparison, the typical household requires 2,500 kwh per day.

- **Transportation:** All of the target industries with the possible exception of business services are heavily dependent upon surface transportation for efficient movement of goods, commodities and their workers. Proximity to I-5 is a key attribute to Woodburn and would be acceptable to most of the target industries. An adequate highway and arterial roadway network would be needed for all industries (including business services).

- **Transit:** Transit access is most important to the target industries with the greatest jobs density and consumer activity, particularly SIC 73.

- **Pedestrian and bicycle facilities:** The ability for workers to access amenities and support services such as retail, banking, and recreation areas by foot or bike is increasingly important to employers. Very large employers (with over 500 employees) tend to provide on site amenities such as food service, day care, dry cleaning and banking. However, the majority of job growth is in small to medium sized employers who rely on off site amenities. The need for safe and efficient bicycle and pedestrian networks will prove their importance overtime as support services and neighborhoods are developed adjacent to employment centers.

- **Employee training:** It is important for firms in high-tech and other industries to have nearby facilities where employees can conveniently receive training on latest technologies and skills.

In summary, there is a wide range of site requirements for the potential target industries. While all of the industries rely on efficient transportation access and basic water, sewer and power infrastructure, they have varying need for parcel size, slope, configuration, and buffer treatments. Transit, pedestrian and bicycle access are needed for commuting, recreation and access to support amenities.

Chapter 5

Conclusions

All the preceding technical work contained in this report has been structured to comply with the Goal 9 requirements for an "Economic Opportunity Analysis." That information and structure is useful to the City for procedural reasons: it allows the City to demonstrate to state agencies that it has met state planning requirements.

Equally, if not more, important from the City's perspective is that the information is a base from which possible futures and policy options can be generated and evaluated. That evaluation will, in turn, lead to changes in policy that the City believes will increase its possibilities for achieving the future it decides to pursue.

Since the beginning of this project, the City has been clear about the direction it wants to head. In short, City staff have represented that they, the City Council, and the voters the Council represents are in favor of economic growth; would like to see higher-paying, non-polluting jobs to Woodburn; and would like to see the development of more higher-end housing consistent with the incomes that employees in such industries will be paid.

Thus, in this study we have tried to adjust the standard requirements of an Economic Opportunity analysis to address the specific economic development issues of interest to the City. The study has tried to:

- Determine Woodburn's comparative advantages and constraints in the regional economic market place (this report)
- Identify potential appropriate industrial and commercial firms with higher paying jobs, and the demographic, locational, site and infrastructure characteristics desired by these firms (this report)
- Evaluating what it would take (in terms of investment, City policy changes, plan and code amendments and state approvals) to move in the direction of desired changes (following report on *Development Strategies*).

This chapter draws conclusions from the information presented in previous chapters and addresses the first two issues listed above: determining Woodburn's comparative advantage, and identifying target industries. The third issue, evaluating steps to move in the direction of desired changes, will be addressed in the subsequent Development Strategies report. The Development Strategies report will describe a vision for Woodburn's future economic development, founded on factual information, that simultaneously meets state planning requirements.

The following conclusions are intended to raise issues for consideration in the in the next phase of this project. Some conclusions address economic development opportunities; others economic development constraints. While the conclusions ultimately relate to each other in diverse ways ways, we structure them around several key topics for the purpose of discussion.

TARGET INDUSTRIES

Economic growth in the northern Willamette Valley region presents an opportunity for Woodburn to attract firms in relatively high-wage industries. Chapter 5 identifies target industries and their locational needs. Table 5-1 lists the 13 target industries identified as potential targets after the first-round and second-round evaluations.

Table 5-1. Target industries for Woodburn

SIC	Industrial Industries	SIC	Non-Industrial Industries
27	Printing and Publishing	61	Nondepository Institutions
32	Stone, Clay, & Glass	73	Business Services
34	Fabricated Metal	80	Health Services
35	Industrial Machinery & Equipment	87	Engineering & Management
36	Electronic and Electric Equipment		
37	Transportation Equipment		
42	Trucking & Warehousing		
50	Wholesale Trade: Durables		
51	Wholesale Trade: Nondurables		

Source: ECONorthwest.

A comparison of the locational needs of target industries to the locations that Woodburn can offer leads to several conclusions:

- Different industries have different site-size requirements. Depending on the type of industry, site requirements could range anywhere from 1-100 acres. The parcel size for a single moderate-sized employer may not be great. For example, 100 employees in a firm that is primarily office based may require a building of 25,000 to 40,000 square feet. At two stories, the footprint of that building would be 12,000 to 20,000 square feet. Given typical parking and landscaping requirements, such a building could be accommodated on a parcel of 12 to 2 acres.

  But the story is not that simple. The business may want room for expansion; it may require one-story for its operation; it may be concerned about image and want to make sure that it is part of a larger campus environment. Campus research and development parks may require sites ranging from 20 to 40 acres, while smaller business parks may require sites of 5-20 acres.

- Industrial users are attracted to sites that offer adequate flexibility in site circulation and building layout. Sites must also provide adequate parking, vehicular circulation and open space. In general rectangular sites are preferred with parcel width of at least 200-feet and length that is at least two times the width for build-to-suit sites. Parcel width of at least 400 feet is desired for flex/business park developments.

- Larger firms appear to be trending towards suburban locations for corporate campus facilities. Relatively low cost land, flexibility for future growth, and proximity to labor force are typical reasons for locating facilities in suburban locations. Given the relatively high cost

of land in California and Washington, and short supply of sites over 20 acres throughout the western United States, there is an emerging opportunity for the Woodburn area. Woodburn is close enough to the high-tech areas of Wilsonville and Washington County to be a viable option for a corporate campus. Firms in Electronic and Electric Equipment and Business Services have potential in this regard.

- The flat topography of Woodburn is consistent with the site needs of target industries. Flat topography (slopes with grades below 10%) is needed for manufacturing firms, particularly large electronic fabrication plants and 10+ acre fabricated metals and industrial machinery manufacturing facilities.

- Soils stability and ground vibration are fairly important considerations for special high precision manufacturing processes, such as assembling 650 megahertz or higher speed microchips. Sites close to the railroad will be unacceptable for these types of manufacturing uses.

- All of these target industries require basic water, sewer and power infrastructure. Fiber optic connections are probably a requirement for these industries. Most of them demand good access to the interstate system. Some prefer proximity to a major airport.

In summary, all of the industries rely on efficient transportation access and basic services, but they have varying need for parcel size, slope, configuration, and buffer treatments.

BUILDABLE LANDS

Buildable lands appear to be a potential constraint to economic development in Woodburn. The City is expected to have an overall deficit of 205 acres over the 1999–2020 period—not including an estimated 71 acres of land needed for schools. Supply and demand for high-density residential and commercial land is evenly matched. Other conclusions from our review of the buildable land analysis:

- The *Woodburn Buildable Lands and Urbanization Project* (henceforth, the Buildable Lands Analysis) shows a 332 acre deficit for industrial land. Moreover, none of the vacant tax lots are over 15 acres in area, and no aggregates of tax lots (contiguous, but independent of ownership) exceed an area of 35 acres. Because all of the parcels are in different ownerships, it is unclear whether a developer could assemble these parcels into a single site. Moreover, the two key vacant industrial areas are distant from I-5 which may limit the types of businesses that might locate there.

- The configuration and location of buildable industrial sites does not provide a good match to the site needs of targeted industries described in the previous section. The Buildable Lands Analysis recommended

amending Woodburn's UGB to add 207 industrial acres. The location and configuration of any industrial land added to the UGB is an important consideration.

- The Buildable Lands Analysis shows a 195-acre surplus for low-density residential land. Available residential sites should provide for a variety of housing to be built at a range of values. The Buildable Lands Analysis recommends expanding the UGB to include all of the Tukwila residential development. This action would add 28.7 acres of low-density residential land that would probably be built in higher-value single-family residences.

HOUSING

Housing is an important component of any economic development strategy. The availability of housing for households at all income levels is a necessity for Woodburn to achieve its economic vision. Following are conclusions on the relationship of housing to economic development:

- Planners and policymakers sometimes refer to a "jobs/housing balance," and measure the extent of the imbalance by calculating the ratio of jobs to housing units or households (on the assumption that every household has a dwelling unit). The jobs/housing ratio in Woodburn is improving. In 1990 there were 0.65 jobs available in the Woodburn zip code for every household. At the same time there were 1.06 employed persons per household, meaning that some people in Woodburn had to be going outside of Woodburn for work. That may force residents to seek employment outside the community. Due to significant job growth, between 1990 and 1997, there were approximately 1.01 jobs available in the Woodburn zip code for every household.

- Woodburn is one of the more affordable communities in the region. Since 1990, single-family housing in Woodburn has been consistently more affordable that housing in surrounding communities. In 1998, the average sales price of a home in Woodburn was $121,000, compared to $133,500 in Mt. Angel, and $161,700 in Silverton.

- Demand for higher-end housing appears to be primarily from empty-nesters at this time. The present housing mix may not provide enough higher-end housing to accommodate professional employees from the types of businesses it hopes to attract. That shortcoming is not fatal: housing markets will respond to demand if serviced land is available.

- Hispanic workers tend to earn lower wages than workers statewide. The 2000 Census indicates that 50% of Woodburn's population was Hispanic. Hispanic households also tend to have larger household sizes.

- The relationship between job creation, wages, and housing affordability is an important one. The data on employment trends in Woodburn area suggest that (1) incomes are less than county averages, and (2) that many of the jobs forecast in the area will be lower wage jobs. While housing in Woodburn is relatively affordable compared to other nearby communities, the structure of new job creation could lead to a greater affordability gap than exists today.

- The results of the OHCS model suggest that a substantial number of lower cost units will be needed. For example, 1,067 dwelling units will be needed for households with incomes under $20,000. This is 45% of the City's total estimated housing need. While cost savings are possible, it is difficult to significantly decrease the cost of construction. Increasing wages is another strategy to bringing housing costs more in line with wages.

- Economic development strategies pursued by the City could change the distribution of housing need. For example, successfully recruiting a high-wage manufacturing plant could create additional need for owner-occupied dwelling units in the $187,000 and over category.

TRANSPORTATION

Improved I-5 access to and from potential development sites is critical for economic development in Woodburn. Transportation plans have found that the single interchange at I-5 / Highway 214 serving Woodburn is inadequate in its current configuration to serve future development in the City, both in terms of capacity and geometry. With its location in the northwest portion of the City, the current interchange is not positioned to provide adequate access to the undeveloped land in the southern portion of Woodburn. Moreover, the distance to the nearest I-5 interchanges is substantial: 8 miles to the south, and 7 miles to the north. Thus, other interchanges probably do not provide viable transportation alternatives for the types of businesses likely to locate in Woodburn.

It appears unlikely that a second interchange on I-5 near Woodburn will be built in the 20-year planning horizon. In the absence of a second interchange, the best alternative for improved access to I-5 is to improve or develop roadways to cross I-5 north or south of the existing interchange. These roadways would connect with Butteville Road (which may also need improvement) to access the I-5 interchange from the west, which is far less congested than approaching the interchange from the east.

Woodburn's TSP identifies several alternatives for a proposed South Arterial that would proceed west from Hwy 99E to cross I-5 and connect with Butteville Road or Hwy 214. On the north, Crosby Road could be improved and extended to cross the railroad tracks and connect with Hwy 99E, providing a north connection from Hwy 99E across I-5 to connect with Butteville Road and the I-5 interchange. With both of these options,

connection to Hwy 99E is critical to provide the connectivity and access necessary to support development in Woodburn.

The Woodburn TSP factored employment increases into transportation modeling. The TSP forecasts about 1,100 new employees west of I-5 and about 2,l00 east of I-5. Designation of future lands available for employment should consider these figures.

Improvements to the I-5/214 interchange, in conjunction with improvements to Highway 214 between Oregon Way and Woodland Avenue, may provide additional employment capacity over the planning horizon. The traffic operations analysis of the partial cloverleaf interchange improvement (including four through lanes on Highway 214 across the interchange) revealed a reserve capacity in 2020 of about 630 vehicle trips during the weekday PM peak hour. This reserve capacity translates into about an added 1,230 employees of general light industrial development, or 1,370 employees of general office development, over and above the employment increases assumed in the 2020 Interchange Refinement Plan analysis.

LABOR FORCE

Average levels of workforce education and training are below state averages and those of the Portland and Salem urban areas. The age distribution, years of education completed, and occupational mix of Woodburn's population suggest that the local labor force may lack the skills required by high-wage target industries. If firms identified in the target industries analysis locate in Woodburn, the data suggest that these firms will need to look outside of Woodburn for skilled labor (at least in the short run), that Woodburn will need to attract more highly-skilled residents, or improve the education and training of existing residents.

Labor supply is an obstacle to the type of development Woodburn hopes to attract, but probably not an insurmountable one. The industries in the target groups we identified vary substantially in size and labor requirements. Many bring a substantial portion of their labor with them (e.g., managers and engineers), which means that public policy to encourage a good supply of housing can also be an economic development policy.

GOALS AND POLICIES RELATED TO ECONOMIC DEVELOPMENT

Adoption of an economic development strategy to attract high-wage employers may require several changes to Woodburn's Comprehensive Plan. Depending on the economic development strategy the City agrees on, policy changes may take the form of revisions to existing policies that define where and what types of commercial and industrial development may occur, or new policies intended to attract specific types of industries or to focus public investments in key areas. Given the results of buildable land analysis, combined with the site requirements of the types of industries the City may

want to attract, changes to plan designations and a UGB expansion are also possible. Access issues at I-5 are critical, so policies and specific actions to address transportation problems will also be required (which may mean simply having economic development policies reinforce commitment to the policies and investments specified in the City's Transportation System Plan).

Policies will be examined in detail in the next phase of the study (economic vision and development strategies).

QUALITY OF LIFE

Many households want the combination of proximity to larger cities and a small-town or rural lifestyle. Though Woodburn shares these quality of life attributes with other communities in the Willamette Valley, that combination will probably become increasingly scarce as population growth continues. A challenge for Woodburn will be maintaining the qualities of a small town while accommodating population and employment growth.

Appendix A

City Goals for Economic Development

The City of Woodburn's Comprehensive Plan contains many goals and policies that relate to economic development. This Appendix lists the key goals and policies in the Comprehensive Plan, with the goal or policy number shown for cross-referencing.

Overall, Woodburn's Comprehensive Plan goals and policies are supportive of economic development. They seek to ensure that sufficient land is available for economic growth, that development occurs in an orderly fashion that is coordinated with public service provision, and that the traffic and pollution impacts of growth are mitigated. While being generally supportive, changes to these goals and policies may be needed if Woodburn seeks to adopt new economic development strategies. Potential amendments to the Comprehensive Plan will be addressed briefly in Chapter 6 and in detail in the Development Strategy report that will follow this Economic Opportunities Analysis.

Commercial land development

- B-1. The City should at all time have sufficient land to accommodate the retail needs of the City and the surrounding market area. The City presently has four major commercial areas: 99E, I-5 Interchange, the downtown area, and the 214/211/99E four corners intersection area. No new areas should be established.

- B-2. Lands for high traffic generating uses (shopping centers, malls, restaurants, etc.) should be located on well improved arterials.

- B-3. Strip zoning should be discouraged as a most unproductive form of commercial land development. …Commercial developments or commercial development patterns which require the use of the private automobile shall be discouraged.

- B.5 …Downtown redevelopment should be emphasized and the City should encourage property owners to form a local improvement district to help finance downtown improvements.

Industrial land use

- C-1. It is the policy of the City to provide for developments that, whenever possible, will allow residents of the City of Woodburn to work in Woodburn and not have to seek employment in other areas.

- C-5. Industries which, through their operating nature, would contribute to a deterioration of the environmental quality of air, land,

or water resources of the City should be forbidden to locate within the city limits.

- C-6. The industrial park concept is one which the City deems is the most desirable form of industrial development. Whenever possible the industrial park concept will be encouraged in an attractive and functional design.

- C-8. Industrial lands should be protected from encroachment by commercial or other uses…

- C-9. The industries attracted and encouraged by the City to locate in Woodburn should generate jobs that would upgrade the skills of the local labor pool.

Growth

- L-1. The City's goal is to grow to a population of approximately 26,000 by the year 2020. This growth shall be orderly and accompanied by the necessary public services…

- L-4. The goal is to limit the amount of vacant land within the City in order to enjoy the benefits of an orderly development pattern, that reduces the rate that farm land is converted to urban use and the optimum use of public service and utility capacity.

- L-11. The goal is to accommodate industrial and commercial development that provides local employment but does not require special community financial incentives.

Downtown design and conservation (DDCD)

- P-1-2. Encourage a balanced financing plan to assist property owners in the repair and rehabilitation of structures. The Plan may include establishment of the following:

    - Provide on-going investment in downtown improvements.

    - Economic Improvement District—a designated area, within which all properties are taxed at a set rate applied to the value of the property with the tax monies used in a revolving loan fund for building maintenance, and improvement.

    - Local, State, and National Historic District—a designated district within which resources, and properties are inventoried and identified for historic preservation.

    - Establish a "501 C-3" tax exempt organization for the purpose of qualifying for grants.

- Analyze the feasibility of establishing an urban renewal district as a long-term funding source for Downtown improvements.

- Adopt a capital improvement program and funding strategy for Downtown improvements.

Appendix B

Descriptions of Target Industries

This appendix provides a description of the industries identified as target industries in Chapter 4, specifically in Table 4-4. These descriptions are from the Standard Industrial Classification manual, as reproduced on the internet by the Occupational Safety and Health Administration of the U.S. Department of Labor at http://www.osha.gov/cgi-bin/sic/sicser5.

INDUSTRY 27: PRINTING, PUBLISHING, AND ALLIED INDUSTRIES

This industry includes establishments engaged in printing by one or more common processes, such as letterpress; lithography (including offset), gravure, or screen; and those establishments which perform services for the printing trade, such as bookbinding and platemaking. This industry also includes establishments engaged in publishing newspapers, books, and periodicals, regardless of whether or not they do their own printing. News syndicates are classified in Services, Industry 7383. Establishments primarily engaged in textile printing and finishing fabrics are classified in Industry 22, and those engaged in printing and stamping on fabric articles are classified in Industry 2396. Establishments manufacturing products that contain incidental printing, such as advertising or instructions, are classified according to the nature of the products for example, as cartons, bags, plastics film, or paper.

INDUSTRY 32: STONE, CLAY, GLASS, AND CONCRETE PRODUCTS

This industry includes establishments engaged in manufacturing flat glass and other glass products, cement, structural clay products, pottery, concrete and gypsum products, cut stone, abrasive and asbestos products, and other products from materials taken principally from the earth in the form of stone, clay, and sand. When separate reports are available for mines and quarries operated by manufacturing establishments classified in this industry, the mining and quarrying activities are classified in Division B, Mining. When separate reports are not available, the mining and quarrying activities, other than those of Industry 3295, are classified herein with the manufacturing operations.

If separate reports are not available for crushing, grinding, and other preparation activities of Industry 3295, these establishments are classified in Division B, Mining.

INDUSTRY 34: FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND TRANSPORTATION EQUIPMENT

This industry includes establishments engaged in fabricating ferrous and nonferrous metal products, such as metal cans, tinware, handtools, cutlery, general hardware, nonelectric heating apparatus, fabricated structural metal products, metal forgings, metal stampings, ordnance (except vehicles and guided missiles), and a variety of metal and wire products, not elsewhere classified. Certain important segments of the metal fabricating industries are classified in other industries, such as machinery in Industries 35 and 36; transportation equipment, including tanks, in Industry 37; professional scientific and controlling instruments, watches, and clocks in Industry 38; and jewelry and silverware in Industry 39. Establishments primarily engaged in producing ferrous and nonferrous metals and their alloys are classified in Industry 33.

INDUSTRY 35: INDUSTRIAL AND COMMERCIAL MACHINERY AND COMPUTER EQUIPMENT

This industry includes establishments engaged in manufacturing industrial and commercial machinery and equipment and computers. Included are the manufacture of engines and turbines; farm and garden machinery; construction, mining, and oil field machinery; elevators and conveying equipment; hoists, cranes, monorails, and industrial trucks and tractors; metalworking machinery; special industry machinery; general industrial machinery; computer and peripheral equipment and office machinery; and refrigeration and service industry machinery. Machines powered by built-in or detachable motors ordinarily are included in this industry, with the exception of electrical household appliances. Power-driven handtools are included in this industry, whether electric or otherwise driven. Establishments primarily engaged in manufacturing electrical equipment are classified in Industry 36, and those manufacturing handtools, except powered, are classified in Industry 34.

INDUSTRY 36: ELECTRONIC AND OTHER ELECTRICAL EQUIPMENT AND COMPONENTS, EXCEPT COMPUTER EQUIPMENT

This industry includes establishments engaged in manufacturing machinery, apparatus, and supplies for the generation, storage, transmission, transformation, and utilization of electrical energy. Included are the manufacturing of electricity distribution equipment; electrical industrial apparatus; household appliances; electrical lighting and wiring equipment; radio and television receiving equipment; communications equipment; electronic components and accessories; and other electrical equipment and supplies. The manufacture of household appliances is included in this group, but industrial machinery and equipment powered by built-in or detachable electric motors is classified in Industry 35. Establishments primarily engaged in manufacturing instruments are classified in Industry 38.

INDUSTRY 37: TRANSPORTATION EQUIPMENT

This industry includes establishments engaged in manufacturing equipment for transportation of passengers and cargo by land, air, and water. Important products produced by establishments classified in this industry include motor vehicles, aircraft, guided missiles and space vehicles, ships, boats, railroad equipment, and miscellaneous transportation equipment, such as motorcycles, bicycles, and snowmobiles. Establishments primarily engaged in manufacturing mobile homes are classified in Industry 2451. Establishments primarily engaged in manufacturing equipment used for moving materials on farms; in mines and on construction sites; in individual plants; in airports; or on other locations off the highway are classified in Industry 35.

INDUSTRY 42: MOTOR FREIGHT TRANSPORTATION AND WAREHOUSING

This industry includes establishments furnishing local or long-distance trucking or transfer services, or those engaged in the storage of farm products, furniture and other household goods, or commercial goods of any nature. The operation of terminal facilities for handling freight, with or without maintenance facilities, is also included. Establishments primarily engaged in the storage of natural gas are classified in Industry 4922. Field warehousing is classified in Services, Industry 7389. Establishments of the United States Postal Service are classified in Industry 43.

INDUSTRY 50: WHOLESALE TRADE–DURABLE GOODS

This industry includes establishments primarily engaged in the wholesale distribution of durable goods.

INDUSTRY 51: WHOLESALE TRADE–NON-DURABLE GOODS

This industry includes establishments primarily engaged in the wholesale distribution of non-durable goods.

INDUSTRY 61: NON-DEPOSITORY CREDIT INSTITUTIONS

This industry includes establishments engaged in extending credit in the form of loans, but not engaged in deposit banking.

INDUSTRY 73: BUSINESS SERVICES

This industry includes establishments primarily engaged in rendering services, not elsewhere classified, to business establishments on a contract or fee basis, such as advertising, credit reporting, collection of claims, mailing, reproduction, stenographic, news syndicates, computer programming, photocopying, duplicating, data processing, services to buildings, and help supply services. Establishments primarily engaged in providing engineering,

accounting, research, management, and related services are classified in Industry 87. Establishments which provide specialized services closely allied to activities covered in other divisions are classified in such divisions.

INDUSTRY 80: HEALTH SERVICES

This industry includes establishments primarily engaged in furnishing medical, surgical, and other health services to persons. Establishments of associations or groups, such as Health Maintenance Organizations (HMOs), primarily engaged in providing medical or other health services to members are included, but those which limit their services to the provision of insurance against hospitalization or medical costs are classified in Insurance, Industry 63. Hospices are also included in this industry and are classified according to the primary service provided.

Industry groups 801 through 804 includes individual practitioners, group clinics in which a group of practitioners is associated for the purpose of carrying on their profession, and clinics which provide the same services through practitioners that are employees.

INDUSTRY 87: ENGINEERING, ACCOUNTING, RESEARCH, MANAGEMENT, AND RELATED SERVICES

This industry includes establishments primarily engaged in providing engineering, architectural, and surveying services; accounting, auditing, and bookkeeping services; research, development, and testing services; and management and public relations services.

Woodburn Economic Development Strategy
Phase II Report

Prepared for

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Table of Contents

Introduction

BACKGROUND

This report is an economic development strategy for the City of Woodburn. It is part of a project to improve the chances that Woodburn will get the type and quality of economic development its citizens desire. It describes (1) the City's vision for economic development, (2) issues related to achieving the economic development vision in Woodburn, and (3) recommended economic development policies and other changes to the City's Comprehensive Plan.

This report is the product of the second and final phase of a project that evaluated current and future economic conditions and issues in Woodburn. The first phase of this project resulted in the *Economic Opportunity Analysis*, which described past economic conditions and possible economic futures in Woodburn. The *Economic Opportunity Analysis* provides the base of information for this report, which describes the policies and actions that we reviewed and adopted in the second phase of the project.

The process and products of this project are designed to meet the requirements of Statewide Land Use Planning Goal 9 (Economy of the State) and the administrative rules that implement that goal (OAR 660-09-020).

ORGANIZATION OF THIS REPORT

This report is organized as follows:

Chapter 2: Economic Vision for Woodburn describes the City's vision for its economic future. That vision gives direction about the types of policies that the City will adopt to increase its probabilities of achieving that vision. Those policies get discussed in Chapters 3 and 4.

Chapter 3: Economic Development Issues compares conditions described in the Economic Opportunity Analysis with the City's vision for economic development to identify issues Woodburn must address to achieve its economic vision. It also identifies and provides some evaluation of policies the City could adopt to move toward the achievement of that vision.

Chapter 4: Recommended Goals and Strategies contains goals and actions the City of Woodburn can adopt as part of the economic element of their Comprehensive Plan.

Appendix A: Statewide Planning Goal Compliance Issues describes steps the City must take to ensure that the goals and actions in this report properly incorporated into the City's comprehensive plan. It includes a discussion of requirements for adding land to an urban growth boundary.

Chapter 2 Economic Vision for Woodburn

PURPOSE OF AN ECONOMIC VISION

There are many possible economic futures for Woodburn; there are some impossible ones as well. The challenge for the City is to decide on a future that is not only desirable, but that is also possible given the factors that constrain it. That future is referred to as the City's "economic vision" or "economic development objectives."[1]

For example, the existence of the Portland and Salem metropolitan areas only one-half hour from Woodburn in either direction on I-5 creates opportunities and constraints. Among the opportunities: established industrial sectors looking for developable land; a large and mobile labor supply. Among the constraints: state laws about how much growth a jurisdiction can plan to accommodate, and how.

It would be unrealistic, therefore, for Woodburn to aspire to, and plan for, rivaling Portland or Salem as a regional economic center. But it is not unrealistic for Woodburn to plan for more manufacturing growth, even for types of growth it has not had in the past. That growth is not inevitable. It depends, in part, on economic forces beyond the City's control. But it also depends on things the City can influence: the supply of buildable land, the quality and price of public services, quality of life, and incentives for development.

Thus, a vision for the future economy of Woodburn should be:

- A balance between what the City would like to achieve, and what resources and public support the City can realistically expect to muster in support of that vision
- Consistent with state laws
- Understandable to citizens without technical training or experience with economic development
- Capable of being incorporated into the City's comprehensive plan.

The vision that follows meets those criteria.

[1] In this report, the terms "economic vision" and "economic development objectives" are synonymous.

ECONOMIC VISION (DEVELOPMENT OBJECTIVES)

Woodburn's location near the Portland and Salem metropolitan areas means that it has strong opportunities for growth. Over the next 50 years, the population in the Willamette Valley is expected to almost double. About 80% of that growth is forecasted to occur in the counties from Salem north to Portland. Woodburn is at the center of that area, on I-5. For the Salem-Portland area not to grow substantially, the economy of the U.S. and Northwest would have to have some type of major problem that few economists are now predicting. Thus, the most likely prediction for the Portland-Salem area, and by association for Woodburn, is growth.

The question for Woodburn is how much and what type of population and employment growth does the City want? Even with strong regional growth, a city does have the ability to use public policy to affect both the amount and rate of growth.[2] The Woodburn City Council endorses the following economic vision:[3]

- Woodburn recognizes its locational advantages (as described in the *Economic Opportunity Analysis*) and believes it is in its interest to encourage economic development and growth in the City.

- Woodburn does not want to be a bedroom community, with a large share of its residents commuting to jobs in the Portland or Salem areas. It wants to provide opportunities for its residents to work at good jobs in Woodburn.

- To that end, Woodburn wants existing businesses to grow and new businesses to locate in the City that will provide higher-wage jobs for existing and future Woodburn residents. Creating high-wage jobs in Woodburn will help reduce commuting distance and stress, and generate tax revenue to help reduce burdens on schools and other social services. High-wage jobs will help Woodburn attract new residents with disposable time and income to contribute to their family and community.

- The Economic Opportunities Analysis identified target industries—ones that could create high-wage jobs in Woodburn while also being compatible with other City goals stated in the Comprehensive Plan. The purpose of identifying these industries was to draw general conclusions about the site needs of businesses in industries with higher-wage jobs. It is not the City's desire to limit

[2] This point is no less true despite the fact that the State requires counties and cities to agree on local population forecasts that when summed for all jurisdiction in a county add to the State's forecast for a county. Local policies can cause actual growth to be higher or lower than the official forecasts.

[3] The first draft of these objectives were derived from a review of adopted policy and comments by the City Council in work sessions and public meetings in May 2001. By adopting this document, the City Council officially adopts these objectives for economic development.

itself to, or focus its policies on, the recruitment of businesses in these specific industries. Other industries that meet the City's multiple objectives for economic development are also welcome.

- New businesses will need, among other things, developable land, good services and transportation, social and cultural amenities, and an educated and skilled labor force. The City expects to take actions to make sure those things are provided at competitive prices.

- Woodburn wants to maintain and increase the livability of its community as it grows. To that end, the City wants to be strategic about any economic incentives it gives to businesses, ensuring that it has the financial resources to maintain the quality of its facilities and services.

- Woodburn wants to provide a range of housing for all household types, and wants to ensure that new housing opportunities are available for households with members employed by the desired new higher-wage jobs in Woodburn.

Chapter 3 Economic Development Issues

This chapter builds from the vision described in Chapter 2 and the conditions described in the Economic Opportunities Analysis to identify and evaluate six major economic development issues facing Woodburn:

- Land Use: buildable land, housing, and urban renewal
- Public infrastructure and services: transportation, water and sewer service, quality of life
- Workforce: education and training
- Business development: recruitment and retention
- Finance
- Coordination

For each issue this chapter describes (1) current conditions, (2) how current conditions may affect future economic development in Woodburn, (3) existing City goals and policies, and (4) the types of policies the City could adopt to help it achieve its vision for economic development. Thus, this chapter is an overview of issues and potential policies. Chapter 4 builds on the evaluation in this chapter to recommend economic development policies and other potential changes to Woodburn's *Comprehensive Plan* related to economic development.

LAND USE

BUILDABLE LAND

The *Woodburn Buildable Lands and Urbanization Project*[1] found that Woodburn is expected to have an overall deficit of 205 acres of buildable land over the 1999–2020 period. Estimates by comprehensive plan designation show a 195-acre surplus for low-density residential land, supply equal to demand for commercial and high-density residential land, and a deficit of 332 acres for industrial land over the twenty-year period. An inventory of buildable parcels (which assume that adjacent tax lots can be assembled into larger parcels) shows that Woodburn has no vacant industrial tax lots over 15 acres and no aggregates of adjacent tax lots that exceed 35 acres total. The configuration and size of buildable industrial sites in Woodburn is not a good match for the needs of target industries. The Economic Opportunities Analysis reported that very large manufacturing and high-tech firms want sites as large as 40–80+ acres, campus research and development (R&D) and smaller manufacturing sites require 20–40 acres, and smaller light industrial/office sites require 4–20 acres. Buildable industrial lots in

[1] McKeever/Morris Inc., W&H Pacific, E.D. Hovee & Company, Gabriele Development Services, and Manda Beckett Design. 2000. *Woodburn Buildable Lands and Urbanization Project*. Final report issued February 7.

Woodburn will only meet the need of smaller, light-industrial and office sites. Sites for campus research and development (R&D) and smaller manufacturing firms can only be provided by assembling tax lots under different ownership, and there are no sites available for large-lot industrial firms.

Using data from the *Buildable Lands* Study, the Economic Opportunities Analysis identified three potential sites in Woodburn that meet these criteria. All of the sites have street access and can be serviced with water and sewer. Further analysis, however, revealed that one of the sites was under development in the Spring of 2001, and that the other two are relatively distant from Interstate 5 and are not particularly well-suited sites to accommodate target industries.

The small number of available sites will limit the choices available for firms looking to locate in Woodburn and increases the chances that sites will not be available in the market—for the types of business that the City Council has decided it wants to attract, and that the Economic Opportunities Analysis says it would have a reasonable chance of attracting (given its other characteristics) if vacant industrially-zoned land were available in the greater amounts and better locations. Moreover, interviews ECO conducted with developers and economic development specialists suggest that Woodburn presently has an inadequate industrial land base to attract target or related industries. In summary, the industrial land base is insufficient to meet the City's economic development vision. Woodburn's *Comprehensive Plan* states that "the City should encourage that …enough industrial is available for industrial growth to accommodate the residential growth expected in the City" (policy C-1, p. 49). The *Comprehensive Plan* does not contain any actions or policies to address the projected deficit of industrial land in Woodburn over the 1999–2020 period.

The recommended alternative of the *Woodburn Buildable Lands and Urbanization Project* contains several actions that would increase the supply of buildable industrial land. Application of a Mixed-Use Campus (MUC) zoning designation to parcels now zoned for residential, commercial, and industrial development would add 33 industrial acres, assuming development on MUC land would be 50% industrial. Expansion of the UGB in four areas would add 208 industrial acres to Woodburn's inventory of buildable land. Even with these changes, however, the *Buildable Lands and Urbanization Project* finds that Woodburn would still have a deficit of 88 acres of industrial land over the 1999–2020 period.

In addition to the actions in the recommended alternative of the *Woodburn Buildable Lands and Urbanization Project*, the City could address the forecast deficit of industrial land by (1) designating some of its vacant residential land supply (which is estimated to be greater than what is needed to accommodate the 20-year housing forecast) for industrial development or making additional expansions of the UGB. Designating commercial land for industrial development is also an option, but it would lead to a deficit of commercial land over the forecast period. Given the general desirability of

segregating, or at least buffering, residential and industrial uses and of providing industrial sites with adequate road and rail access, expanding the UGB has advantages as a way of increasing the supply of industrial sites in Woodburn.

Expanding the UGB will require detailed analysis to comply with statewide planning goals and statutory requirements. If the City chooses to pursue this option, it should review the assumptions made in the draft *Buildable Lands Study*. Specifically, the City should review the population and employment forecasts that are the basis of estimating land needs. A revised employment forecast should reflect judgments about how the City's economic development strategies will affect the employment base. The revised employment forecast will then drive need for commercial and industrial land. The housing needs analysis should be updated to reflect implied changes in the wage distribution. The Transportation System Plan should be updated to reflect these changes. Finally, all of this analysis should be coordinated and reflect how the revised assumptions impact other aspects of the City's plans and policies.

HOUSING

The Economic Opportunities Analysis reported the results of the Oregon Department of Housing and Community Services (HCS) model. It suggests a substantial number of lower cost units will be needed in Woodburn. For example, 1,067 dwelling units, or 45% of the City's total estimated housing need, will be needed for households with incomes under $20,000. Economic development strategies pursued by the City could change the distribution of housing need. For example, successfully recruiting a high-wage manufacturing plant could create additional need for owner-occupied dwelling units in the $187,000 and over category.

Providing an adequate mix of housing types and prices is important to attract firms to Woodburn and to achieve a balance of jobs and housing. Without the right housing mix, firms that want to expand or locate in Woodburn may need to rely more heavily on workers who reside outside of Woodburn, or these firms may decide to expand or locate elsewhere.

The need for a mix of housing that corresponds to the income generated by existing and potential jobs is important across the income range—affordable housing for low-income workers and high-quality housing for well-paid executives. Providing adequate housing for highly-paid executives appears to be important for attracting corporate offices. In discussing the suburbanization of corporate headquarters, Joel Garreau states that "there is probably no more important law of Edge City location than this: Whenever a company moves its headquarters, the commute of the chief executive officer always becomes shorter."[2]

[2] Joel Garreau. 1991. *Edge City: Life on the New Frontier*. New York: Doubleday.

Woodburn's Comprehensive Plan states that the City's goal "is to insure that adequate housing for all sectors of the community is provided" (G-1, p. 52) and that the "City will insure that sufficient land is made available to accommodate the growth of the City" (G-1-1, p. 52). It is the policy of the City "to encourage a variety of housing types to accommodate the demands of the local housing market" (G-1-2, p. 53) and to "accept its regional share of low income housing" (G-1-4, p. 53).

The City's housing needs analysis should be updated based on revised population and employment forecasts and assumptions about how the City's economic development strategies will affect the local wage structure, households' ability to afford housing, and the local housing market.

URBAN RENEWAL

The City of Woodburn wants to revitalize its downtown. The Economic Opportunities Analysis did not directly address the existing conditions in downtown Woodburn or identify specific problems to be addressed.[3] In general, Woodburn has a traditional main street downtown commercial district on Front Street and 1st Street, adjacent to the Union Pacific Railroad tracks. Most of the structures in downtown Woodburn are several decades old and some may be designated as historic structures. Many of these buildings are underutilized or vacant, and many are in need of repair or rehabilitation.

The Economic Opportunities Analysis pointed out that one of Woodburn's comparative advantage is a small-town atmosphere with proximity to urban amenities. Downtown Woodburn and the surrounding older neighborhoods are the key to this small-town atmosphere, so maintaining and enhancing downtown Woodburn is important for maintaining this comparative advantage.

In addition to downtown, Woodburn has two other major commercial districts that may be candidates for urban renewal efforts: the area east of the I-5/Hwy 214 interchange and the Hwy 99 E strip. Both of these commercial districts are major entrances to Woodburn and thus create much of the city's image for visitors.

Woodburn's *Comprehensive Plan* contains Downtown Design and Conservation District (DDCD) goals and policies that seek to maintain and enhance downtown's role in Woodburn (section P, p. 69). These goals and policies seek to support rehabilitation of buildings, improve landscaping and pedestrian amenities, improve the circulation pattern, and attract businesses downtown. Woodburn's *Comprehensive Plan* does not appear to have any goals and policies that specifically address rehabilitation and improvement of other business districts in the city.

[3] The City is conducting that analysis as part of a separate study.

To revitalize downtown Woodburn while maintaining its traditional small-town character, it is important that City policies seek to maintain as many old and historic buildings as possible, and to ensure that any new construction fits the style and scale of existing structures. To this end, City policies should emphasize rehabilitation and reuse of existing structures. The City should also seek to maintain downtown's status as a civic and cultural center of Woodburn by keeping government offices and the library downtown and by encouraging cultural activities that will attract people to downtown.

In other commercial districts, City policies should seek to improve Woodburn's image to people visiting or passing through the city. Potential improvements include the provision of sidewalks and pedestrian amenities, planting street trees and other landscaping, relocating utility poles away from the street right-of-way or putting utilities underground, consolidating access points, and better signage to downtown, parks, schools, and other amenities in Woodburn.

PUBLIC INFRASTRUCTURE AND SERVICES

TRANSPORTATION

Transportation analyses have found that the single interchange at I-5 at Highway 214 serving Woodburn is inadequate in its current configuration to serve the forecasted future development in Woodburn. They have identified needed improvements to major highway corridors and key intersections in Woodburn. I-5 access, congestion, and overall accessibility, is expected to get worse.

Transportation access and mobility are critical for economic development: because firms rely on transportation infrastructure for access to customers and workers, and to ship and receive goods. Improving transportation conditions in Woodburn will improve the City's ability to retain existing firms and to attract new ones.

Transportation goals and policies in Woodburn's *Comprehensive Plan* seek to develop a safe, effective, and efficient transportation system. These goals and policies are generally supportive of making the transportation improvements needed for economic development in Woodburn.

The I-5 interchange is Woodburn's biggest transportation problem. In concept, if one accepts (as Woodburn does) that the City will grow and traffic at the interchange will grow with it, then there are two construction solutions to the congestion at the interchange: (1) re-build the existing interchange to increase its capacity, or (2) build a new (second) interchange. ODOT has stated that there is little chance that a second interchange will be constructed in the next twenty years. The City Council accepts this limitation, at least for now. The City may seek to pursue a second interchange if conditions change to allow construction earlier than currently anticipated. To preserve this opportunity, Woodburn's *Comprehensive Plan* should state the City's desire for a second interchange. The transportation

element of Woodburn's *Comprehensive Plan* will also need to be modified to reflect specific improvements recommended in subsequent transportation plans.

WATER AND SEWER SERVICE

Vacant land must have water and sewer service available for development to occur. Target industries may have special needs.

According to City staff, no water or sewer capacity constraints exist at this time that would preclude development of lands designated for commercial and industrial uses. Moreover, staff indicated that there are no areas in the City that cannot be serviced with water and sewer. In the long term, the City will need to drill new wells to provide an adequate supply of water. Staff indicated that the City has sufficient water rights at this time to accommodate forecast population and employment growth.

Development of some larger parcels in the southern areas of Woodburn and land currently outside of the UGB will require service extensions that will increase development costs at these sites. The City has planned ahead for development in some areas. For example, when the City extended Woodland road on the west side of I-5, it also extended a sewer line with sufficient capacity to accommodate additional development in that area.

The City is in the process of completing a stormwater management plan that will include new development standards. Staff indicated that any new development will probably be required to construct detention ponds to reduce flow rate to pre-development condition, and to provide pre-treatment oil/water or vein type separator to reduce oils or biological oxygen demand (BOD). This requirement will increase the amount of land needed to accommodate development.

The availability of water and sewer service is generally supportive of economic development in Woodburn. The availability of water and sewer service is not a constraint on development in other Willamette Valley communities, even for high-use facilities such as silicon chip fabrication plants, so this is not a significant competitive advantage for Woodburn. Goals and policies related to the provision of water and sewer service in Woodburn's *Comprehensive Plan* are generally supportive of providing adequate service to accommodate projected growth while protecting the environment. Growth and Urbanization goals in Woodburn's Comprehensive Plan have several provisions that link growth and the provision of public services. These goals seek to:

- Provide a consistent level of public services and facilities in all parts of Woodburn by requiring new development to support and maintain services and facilities at a level equal to or exceeding the level in the rest of Woodburn (L-2, p. 61).

- Maintain City boundaries that support efficient delivery of public services (L-3, p. 61).

- Limit the amount of vacant land within the City for optimum use of public service and utility capacity (L-4, p. 62).

- Insure that growth is orderly and efficient, phasing needed public services in accordance with the expected rate of growth (M-1, p. 64).

- Insure that the City's growth does not exceed its ability to provide public services through adoption of a growth control ordinance. When and if a growth control ordinance is used, the City shall reexamine the public facilities plan and determine at that time if it is in the public interest to expand facilities to accommodate the additional growth (M-2, p. 65).

- Pay for public facility construction through systems development charges from anticipated growth, and to take measures to stimulate growth only under extreme conditions (M-3, p. 65).

- Forbid the extension of sewer and water facilities beyond the city limits, except as agreed to in writing by the City and County (M-10, p. 66).

- Base conversion of land to urban uses in part on consideration of orderly and economic provision for public facilities and services and the availability of sufficient land to insure choices in the market (M-11, p. 66).

While these goals are generally supportive of economic development in Woodburn, the City may want to modify these goals to increase its flexibility and potential for attracting firms that meet its economic development vision. To achieve its economic development vision, the City may need to expand its UGB and extend public services to create potential development sites for commercial or industrial uses. This process may require the City to extend water and sewer service to vacant areas in advance of development, which will require funding in advance of systems development charges revenue. And development sites with the characteristics desired by firms may not be immediately adjacent to the City's existing UGB, requiring a development pattern that is not as orderly or compact as implied by the City's goals. In this context, the City may want to relax its existing goals regarding phasing of public services, funding of public services from systems development charges, limiting the amount of vacant land in order to optimize use of public facilities, and maintaining boundaries for efficient provision of public services.

QUALITY OF LIFE

The City's provision of public infrastructure and services can affect the quality of life in Woodburn as perceived by existing and potential residents.

All of the aspects of public services identified in this chapter have an effect on quality of life in Woodburn; other public services that can effect quality of life include parks and recreation, environmental protection, police, fire, and library services. The quality of local schools has a significant impact on quality of life, but the City only indirectly influences the provision of public education in Woodburn.

The Economic Opportunities Analysis found that a primary comparative advantage for Woodburn is its small-town atmosphere coupled with its access to jobs and urban amenities in Portland and Salem. Maintaining that small-town atmosphere as the city grows will be a challenge for Woodburn. The Economic Opportunities Analysis did not identify any problems with the provision of public services that affect quality of life in Woodburn. It appears that the provision of public services in Woodburn relative to other Willamette Valley communities is not substantially different enough to raise obvious economic development issues. Complicating this issue is the fact that quality of life is subjective, so that the characteristics that affect perceptions of quality of life vary widely between different households and firms.

The City's goals and policies in the Comprehensive Plan seek to protect and enhance the natural and cultural resources in Woodburn, and to ensure adequate and efficient provision of public services in Woodburn. These policies will allow the City to take actions to maintain and enhance quality of life in Woodburn.

Public and private investments contribute to quality of life. In addition to the efficient delivery of public services such as parks and fire protection, the public sector may also fund libraries, museums, performing arts centers, conference centers, and similar facilities. The City of Woodburn currently has a nice library in downtown—the City should evaluate the adequacy of this service on a periodic basis. Research and contacts for this project did not identify a need for additional cultural or social facilities in Woodburn, because they are not particularly important considerations for businesses choosing a location. Also, these facilities typically operate at a loss and thus require a subsidy for operation and construction. Woodburn's proximity to the Portland area allows Woodburn residents to easily take advantage of the social and cultural opportunities in Portland. The City should continue to support and take advantage of opportunities to develop of social and cultural amenities in Woodburn, and seek input from residents on the need for additional amenities in order to maintain quality of life.

Private investments that contribute to quality of life include restaurants, theaters, shopping opportunities, and recreational facilities. The City can support development of these amenities through efficient permitting and delivery of public services. Other measures the City takes for economic development, such as an urban renewal district, can be used to encourage the type of private investment the City wants to enhance quality of life in Woodburn.

WORKFORCE

Data in Economic Opportunities Analysis indicates low level of educational attainment in Woodburn, which suggests that the workforce in Woodburn may not have the skills needed by firms with high-wage jobs. This may make Woodburn less attractive to firms looking for a location. While firms in Woodburn are not necessarily dependent on local workforce because they can attract workers from the Portland and Salem areas, improving the skills of the local workforce would make Woodburn more attractive as a business location.

Workforce development has benefits beyond attracting firms. By improving the skills of local residents, education can help them find higher-paying jobs and may spur more residents to form their own businesses.

Woodburn's *Comprehensive Plan* does not have any goals or policies directly related to workforce development. Potential policies to improve workforce skills in Woodburn include:

- Supporting educational institutions to improve the availability of work skills training in Woodburn, including Woodburn Public Schools and Chemeketa Community College.

- Encouraging collaboration between employers or potential employers and educational institutions to improve work skills education in Woodburn.

- Improving access for Woodburn residents to training programs in the Portland and Salem areas.

- Work with educational institutions to develop industry-specific workforce training as an incentive to attract firms to Woodburn.

The Woodburn Campus of Chemeketa Community College (CCC) is the center of workforce training and career development services in Woodburn. CCC has partnered with the Oregon Employment Department to create the Woodburn Job and Career Center, a "one stop center" to help job seekers find available jobs and receive training to enhance their job skills. Through the Mid-Willamette Workforce Network, the Woodburn Job and Career Center can connect people in Woodburn with job openings and training opportunities in Western Oregon and nationwide for specialized occupations. The Job and Career Center also sponsors training workshops in Woodburn, and will bring specialized training workshops to Woodburn if there is enough interest. The Job and Career Center can also work with employers to screen and train potential employees, as they did for the Woodburn Outlet Mall.

The Woodburn Campus also offers services to support small business owners through training programs, mentorships, and information on other available resources such as Small Business Administration loans. The College, Employment Department, Chamber of Commerce, and City of

Woodburn also collaborate on a Business Development Team to support existing businesses and attract businesses to Woodburn.[4]

The Mid-Willamette Valley Education Consortium, which includes the Regional Chamber Education Alliance, is working to implement a Certificate of Employability in public schools, establish a leadership program in Woodburn High School, and develop school-to-work programs to give students real-life work experience.

BUSINESS DEVELOPMENT

Business development strategies includes efforts to recruit new firms to Woodburn, to improve and expand existing businesses to Woodburn, and to encourage the formation of new businesses in Woodburn.

RECRUITMENT STRATEGIES

Business recruitment programs attempt to attract new businesses to a community by offering incentives, by making investments in the area's workforce and/or infrastructure, or by marketing the area's strengths. Effective business recruitment can create new jobs, increase tax revenues, and help to diversify the local economy. Business recruitment programs have become so common around the country that many people think they are synonymous with economic development.[5]

The City of Woodburn currently does not offer any direct or indirect financial incentives to attract prospective firms that meet the City's economic development vision.

Considerable research has been conducted on the effectiveness of local incentive programs to attract firms to a community. This research shows that the location decisions of firms are based on many factors, only some of which could be influenced by local government, and that the standard tools of recruitment (marketing and tax breaks) are not among the most critical variables for most firms. Rather, their decisions often had more to do with the fundamental characteristics of a region: its access to markets and factors of production; the quality of its labor force; the quality, cost, and stability of its public infrastructure; and the quality of life it afforded to its employees (especially top executives, who were influencing the location decision).[6] This research suggested a shift in focus from short-term recruitment deals to long-

[4] The Woodburn Business Development Team was in its inception at the time this report was completed. The effectiveness of the Team is untested at this point. The City should monitor and evaluate the Business Development Team over the next several years to gauge its effectiveness.

[5] Schweke, William, Brian Dabson, and Carl Rist. 1996. *Improving Your Business Climate: A Guide to Smarter Public Investments In Economic Development*. Washington, D.C.: Corporation for Enterprise Development.

[6] Schmenner, Roger. 1978. *The Manufacturing Location Decision: Evidence from Cincinnati and New England*. Washington, D.C.: U.S. Economic Development Administration. March.

term investments in public facilities and services. That long view, however, must be concretely implemented by specific, short-run actions.

However, business recruitment strategies have posed several problems for local jurisdictions. First, many of the tax incentive packages have ended up costing jurisdictions more than the benefits gained by attracting the targeted business. In addition, if a jurisdiction's workforce does not match the needs of the new business, then the jobs created by that business will be held by residents of other communities. Finally, business recruitment is, by necessity, something of a zero sum game—one jurisdiction's gain is another's loss.

Fiscal constraints have increased the emphasis on getting public-private partnerships—large incentives are becoming less common. Government is trying to reinvent itself in the image of the private sector. It is focusing on the business of government, on doing efficiently the things that there is a consensus that government should do: infrastructure, education, and services that create an environment in which businesses can work efficiently (public safety, efficient regulation, social services). An implication of this shift is that government should treat economic development policies as investment decisions by considering the return to the community and the opportunity costs of each investment (i.e., the other investments that cannot be made because the resources are being used for this one). The focus has shifted from trying to hit a home run with a single big deal to hitting many singles in targeted areas—a shift toward diversification.

Provided that local jurisdictions offer incentive packages with a cost roughly equivalent to the potential benefits—business attraction can be a good way to diversify the local economy and enhance an area's business mix. In marketing themselves to businesses seeking to move, local governments can focus on the following set of items:

- Making appropriate investments in infrastructure.
- Creating readily available development sites.
- Providing an efficient permitting process.
- Helping create a well-trained and available workforce, and offering assistance with hiring and training workers.
- Providing consolidated information about loans and other assistance programs available through the City and other agencies.
- Creating a perception of high quality of life.
- Effective marketing to prospective businesses.

A key element of business recruiting is to have one person who is the sole point of contact for information and the range of pubic services needed by prospective firms. This point person should report to the City Manager and have enough influence to get other City departments on board to deliver the permits and public services prospective firms will need to develop sites in Woodburn. This contact person should project a positive, business friendly

attitude, and all discussions among City departments should take place away from the client.

ASSISTANCE FOR EXISTING BUSINESSES

There are a range of potential activities to assist existing businesses, including mentoring for small business owners, classes to improve management skills, assistance with obtaining SBA loans and other assistance, and providing low-interest loans.

Small firms are typically run by overworked owner/managers who find it difficult to read all of the trade journals or do research on new production methods or managerial techniques. These businesses run the risk of being left behind by innovations in their field, or being surpassed by a more agile, often newer competitor located somewhere else.

A number of modernization programs have been launched to help small businesses revitalize themselves. The United States Department of Commerce has funded over 50 Manufacturing Extension Partnerships, including one in Oregon.[7] This organization, and others like it, function by offering diagnostic assessment at small businesses, examining both production processes and management systems. Recommendations for improvement are then made that might include ideas for better maintenance, better use of statistical process control, a new set of personnel policies, or training to enable staff to understand and improve use of accounting data. Further specialized consulting might be recommended, along with a list of consultants who do the type of work required.

To be effective, these programs must include public and private providers and address the pressing need for businesses to modernize and to upgrade their technologies so they can be more competitive.[8] A key strategy here is the creation of a revolving loan fund. Many businesses have difficulty getting loans for furnishings, fixtures, and equipment. Banks are reluctant to give loans for these purchases because the loans are not backed by collateral, unlike loans for land or buildings. This makes it difficult for businesses to expand or make investments to improve productivity. To implement a revolving loan fund, cities typically partner with local banks, who have the experience necessary to process the loans.

FOSTERING CREATION OF NEW BUSINESSES

Entrepreneurs hoping to start a new business also need assistance with developing a business plan, securing working capital, obtaining basic government services, finding a business location, hiring and training staff, and producing and marketing products.

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[7] The Oregon Manufacturing Extension Partnership web site can be viewed at http://www.omep.org

[8] Schweke op. cit.

The City of Woodburn currently does not have any goals or policies that seek to assist entrepreneurs in starting new businesses. Prospective business owners can receive assistance through entrepreneurs' training programs offered through Chemeketa Community College. However, there is no central resource in Woodburn for small business people where a prospective business owner can easily investigate the full range of programs available through State and Federal government agencies or other organizations.

One means of providing support to a new business is to create an "incubator" where businesses are grouped with other start-up firms. Incubators are typically housed in flexible office/light manufacturing space. Incubators nurture young firms, helping them to survive and grow during the startup period when they are most vulnerable. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. They also offer shared office services, access to equipment, flexible leases and expandable space—all under one roof. A key determinant of success in business incubators around the country is the opportunity an incubator provides for networking among tenants and mentoring by an incubator director. Where effective networking and mentoring happen, an incubator and its tenants generally succeed.

This strategy should be coordinated with land use and other strategies. For example, if the City establishes an Urban Renewal District, zoning and related land use regulations within the District should consider incubator businesses and be flexible enough to allow office and light manufacturing uses. Moreover, the City may want to consider hiring an economic development specialist to coordinate this and other strategies.

FINANCE

Financing economic development programs is an issue that cuts across all others. Typical local financing mechanisms include:

- Property tax.
- Urban Renewal Districts that dedicate a portion of property tax revenue to improvements in the district.
- System Development Charges (SDCs).
- Transient occupancy tax on overnight stays in hotels and motels.
- Bonds backed by property tax, SDCs, or other stable revenue sources.

Potential regional and state funding sources include:

- Grants & programs through the Oregon Economic and Community Development Department.

- ODOT funding for transportation improvements through the Statewide Transportation Improvement Program (STIP) and Immediate Opportunity Fund.

- Federal funding for grants and loans to businesses through the Small Business Administration.

"Life cycle" funding of public infrastructure is important to ensure that the City not only makes adequate capital improvements, but has enough money to operate and maintain those improvements at City standards. At this time, City policy is to set systems development charges (SDCs) at 100% cost recovery and tries to review the fees on an annual basis.

COORDINATION

The City of Woodburn should seek to coordinate its economic development efforts with other agencies and organizations with a role in economic development. There are many organizations that can play a role in economic development in Woodburn. By coordinating with these organizations, the City can use their resources to create a cost-effective economic development program while avoiding duplication of efforts. Other organizations that may play a role in economic development in Woodburn include:

- Marion County

- The Mid-Willamette Valley Council of Governments

- Oregon Economic and Community Development Department

- Oregon Employment Department

- Oregon Department of Transportation

- Chemeketa Community College

- Woodburn Public Schools

- Salem Economic Development Corporation

- Oregon Manufacturing Extension Partnership

- Woodburn Chamber of Commerce

- Mid-Willamette Workforce Network

- Mid-Willamette Education Consortium

Chapter 4

Recommended Goals and Strategies

This chapter is organized according to the same issues described in the previous chapters. For each issue it describes some general goals (what the City wants to do to address the issue) and some specific actions. For each action, it describes:

What and Why? What does the action do, and why does the City want to do it?

When? When should the action happen? To keep the analysis simple, the possible categories are: Year 1, Year 2-3, and Year 4-5. Indirectly, the answer to "When?" is also an answer to "How important?" and "In what order?"

Who? What City department or public agency is responsible for or needs to be involved to get the action completed?

How much? How much City staff and Council time is this likely to take. The amount of time can usually be directly converted to a budget. For capital improvements, a rough estimate of cost is also included.

How will we know we succeeded? What measurable target can we set (e.g., something specific achieved by some date) that will indicate that we have been successful?

What else? Are there any other policies that go with this? Other advice on implementation?

The goals and strategies are identified with a letter and number system that is unique to this document—these signifiers do not correspond to those used in Woodburn's Comprehensive Plan. The various goals and strategies are organized consistent with the issues described in Chapter 3. Moreover, the goals and strategies are organized to complement the key elements of the City's Comprehensive Plan (e.g., Land Use, Transportation, etc.). The letters correspond to the category (L for Land Use, I for Infrastructure, etc.); Goals are at the first level (L.1, L.2, etc.) and Strategies are at the next level (L.1.1, L.1.2, etc.).

LAND USE

Woodburn wants higher wage jobs. The key land use issue is where those jobs will be located. Woodburn has some modest opportunities for expanded employment in downtown. The Economic Opportunities Analysis concluded, however, that the types of higher-wage industries the City wants to attract would prefer to be in industrial parks or on larger industrial parcels. The City's location on I-5 between Portland and Salem suggests it could attract such businesses if it had land of a size, location, and zoning needed.

Moreover, those new jobs will create demand for housing. The population of Woodburn is now disproportionately in low-income households relative to other cities in the region. New firms with higher-wage jobs will consider the availability of higher-value housing for its more highly compensated employees. Statewide planning Goal 10 requires communities to adopt policies to provide housing for households at all income levels. If the City wants to attract high-wage jobs, it needs to have a set of housing policies that are consistent with that vision.

GOAL L1. PROVIDE DEVELOPABLE LAND NECESSARY TO ACCOMMODATE DESIRED FIRMS

L1.1. COMPLETE DEVELOPMENT CODE REVISIONS INCLUDING DESIGN GUIDELINES FOR THE MIXED-USE CAMPUS ZONING THAT ALLOW OR ENCOURAGE HIGHER DENSITIES

What and Why? The recently completed *Buildable Lands Study* made a number of recommendations for improving land use efficiency in Woodburn. One of the recommendations was to develop and adopt a mixed-use campus zoning district. The new district may need to be accompanied by a new plan designation.

At the time this report was completed, the City was in the process of developing the code revisions. This strategy will result in completed code revisions that will establish a mixed-use campus zoning district. The revisions should include design criteria that encourage higher-intensity development, or innovative development approaches.

The key premise of this policy is to make more land available with flexible development standards. The *Buildable Lands Study* identified a deficit of commercial and industrial lands. Providing flexible development standards can address need for both types of land.

When? By July 2002.

Who? City staff, review by Planning Commission and Council.

How much? 80 hours of staff time over a 12-month period.

How will we know we succeeded? Amendment of the comprehensive plan and zoning code to include a mix-use campus plan designation and zoning district. Adoption by City Council and acknowledgement by LCDC.

L1.2. EVALUATE POTENTIAL FOR RE-DESIGNATION OF SOME RESIDENTIAL ZONES FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT

What and Why? Evaluate present plan designations to identify lands that could be reclassified to allow commercial, industrial, or mixed-use campus development. This evaluation should consider proximity to other land uses, transportation, and serviceability. It may result in

the reclassification of appropriate sites, with restrictions or incentives that encourage and protect the land for higher-wage industries.

The *Buildable Lands Study* identified a deficit of commercial and industrial lands. Reclassifying lands is one strategy to increase the availability of commercial and industrial sites. Areas (which may include one or more tax lots) considered for reclassification should be at least 10 acres.

This strategy should also include a review of the City's employment forecast and the land need estimates presented in the Draft *Buildable Lands Study*. The employment forecasts should be at the sector level, so that land needs can be based on evaluation of typical densities observed in various industrial sectors.

The City should be careful to ensure that adequate residential lands are retained through this process.

When? July-July 2002.

Who? City staff.

How much? 100 hours over a 12-month period.

How will we know we succeeded? Adoption of an amended plan designation map.

L1.3. EXPAND THE URBAN GROWTH BOUNDARY IF NEEDED

What and Why? The *Woodburn Economic Opportunities Analysis* concluded that buildable land for the types of industries that the City wants to attract is probably inadequate in size and location. One solution is to bring land into the Urban Growth Boundary (UGB) that is closer to I-5 and the interchange. The primary focus would be to add lands with the site characteristics described in the *Woodburn Economic Opportunities Analysis*. Depending, however, on the outcome of Strategy 2 above, the City may also need to consider adding residential lands to the UGB.

Expanding a city's UGB is complicated and time-consuming. The City must complete a UGB expansion analysis consistent with Goal 14 requirements. Agricultural lands surround Woodburn, a factor that will complicate both the required analysis, and the process. For Woodburn, the analysis must also include evaluation of "new measures" to increase the density and needed mix of housing (ORS 197.296(5)).

This strategy should include the following steps:

1. Review the City's coordinated population forecast. Actions the City takes to support economic development may lead to population and employment growth beyond that previously forecasted.
2. Review the employment forecast used in the Transportation Systems Plan (TSP). A revised employment forecast has implications for the TSP and housing.

3. Disaggretate the employment forecast to the sector level. This will allow better evaluation of the land needs of various industrial sectors.
4. Review commercial and industrial land need estimates presented in the *Buildable Lands Study*. If a revised employment forecast is generated, develop revised land needs estimates using employee-per-acre assumptions at the sector level.
5. Revise the housing needs analysis. If the City's economic development strategy is successful, it will change the wage structure and impact housing needs. Assumptions about a revised household income distribution can be input in the OHCS housing needs model to develop an alternative need estimate. The City should also re-run the model using Census data on the distribution of rental rates and owner values to develop an estimate of unmet housing needs. This analysis will identify areas where additional housing need exists. The residential land needs estimates should also be revised during this step.
6. Review land use options. Using the revised residential and employment land need estimates, the City should evaluate potential measures to address those needs. Potential measures should include policies that seek to increase densities. The City should conduct a thorough analysis of potential UGB expansion areas considering transportation, overall land needs, and the site requirements of target industries.
7. Conduct Goal 14 analysis. This is the culmination of the previous six steps and should result in an analysis that addresses all state requirements for a UGB expansion.

The specific issues and steps in the UGB expansion process are described in detail in Appendix A. The process requires completion (or update) of a buildable lands study, evaluation of measures that will make more efficient use of vacant land within the UGB, and evaluation of lands around the UGB for consistency with Goal 14 criteria for expansion of UGBs.

When? By December 2003.

Who? City staff, consultants, land use attorney, engineer.

How much? 250-350 hours of staff time over an 30-month period; $100,000-$200,000 in consultant and attorney fees.

How will we know we succeeded? Expanded UGB to include suitable commercial and industrial sites, and possibly more residential land.

L1.4. RESEARCH AND DEVELOP POLICIES THAT PROTECT SOME LAND FOR DEVELOPMENT TO SUPPORT HIGH-WAGE INDUSTRIES

What and Why? An important part of the City's economic development vision is to attract high-wage industries to Woodburn. Those industries may require industrial or office sites. The City wants to ensure that sites that meet the locational criteria of high-wage industries the City wants to attract do not get purchased and developed by lower wage industries.

A reasonable response to this concern is a policy that restricts the development of sites to industries that pay wages above the City's target threshold. Development of such a policy is complicated; it needs to strike a balance between the City's interest in attracting high-wage employment, and the development rights of property owners. It also needs to consider the fact that lower-wage industries will also want to locate or expand in Woodburn, and that higher-wage industries will create demand for lower-wage service employment. Thus, applying this policy to all lands designated for commercial or industrial use would probably be unreasonable. Alternatively, if the City does expand the UGB, land brought into the UGB will increase substantially in value: some requirements for development could be exacted as part of this process.

The process of developing this policy needs to consider several key factors: (1) a wage threshold; (2) what sites it will apply to; (3) how it is implemented (overlay zone, special restrictions on certain zoning districts, etc).

When? July - July 2002. This policy needs to be developed and adopted prior to, or concurrent with land redesignation or a UGB expansion.

Who? City Planning Staff.

How much? 100 hours over a 12-month period.

How will we know we succeeded? Adoption of a policy that restricts siting of low-wage industries on target sites.

GOAL L2. PROVIDE LAND FOR ALL TYPES OF NEEDED HOUSING

L2.1. REVIEW HOUSING ANALYSIS IN THE LIGHT OF ECONOMIC DEVELOPMENT STRATEGY AND REDESIGNATE LAND AS NECESSARY

What and Why? Goal 10 requires communities to provide "needed" housing types affordable to all households in Oregon. An economic development strategy that attracts higher-wage jobs will probably require a different housing mix than what has recently occurred in Woodburn. Moreover, housing must be an important component in the City's economic development strategy. If the types of housing desired by firms that may locate in Woodburn are unavailable or cannot be built, it will make Woodburn less competitive.

The City's Goal 10 housing analysis should reflect a wage distribution consistent with the types of industries it hopes to attract. Moreover, the policies and land designations should be consistent with the financial capabilities of the employees of those industries. Review of the Goal 10 housing analysis should follow the steps identified in Strategy L.1.3.

When? July - July 2002.

Who? City Planning Staff.

How much? 100 hours of staff time over a 12-month period.

How will we know we succeeded? Adoption of a revised housing element and related policies.

What else? The housing element is directly related to other land use activities. This strategy needs to coordinate with strategies 1-3 of Land Use Goal 1.

GOAL L3. ADOPT AND IMPLEMENT AN URBAN RENEWAL DISTRICT

What and Why? The downtown area is a key part of the City's overall economic development strategy. A healthy downtown not only benefits local business, but is an amenity that the entire community can enjoy.

The City is considering an urban renewal district that would promote redevelopment downtown and in areas adjacent to downtown. An urban renewal district is a relatively common approach to promoting investment in specific areas of a community. Funds come from tax increment financing, which freezes assessments on all property in the district at some level and then places the increment (the amount of tax revenue above the frozen level) into a fund that is used for improvements within the district. This policy would benefit the downtown area by making new funds available for investments in the area.

When? By September 2001.

Who? City staff.

How much? Costs will be City staff time to prepare information for decisionmakers to evaluate creating a district, and costs of establishing the district. Funding provided by the district will not cost the City anything; it is simply dedicates a portion of property tax revenue for expenditures for improvements in the district. However, this will reduce revenue available for other expenditures the City may want to make.

How will we know we succeeded? Formal establishment of an urban renewal district.

What else? The boundaries of the district should be carefully considered. If assessed value rises slowly, few dollars will be available to reinvest in the district. The City may also want to consider adopting a more flexible zoning ordinance for property in the

district to allow a wider range of uses and to allow property owners to take advantage of more opportunities.

INFRASTRUCTURE AND SERVICES

Public infrastructure and services are the cornerstone of any economic development strategy. If roads, water, sewer, and other public facilities are unavailable or inadequate, industries will have little incentive to locate in a community. For the purpose of this section, we define infrastructure and services to include transportation, water, sewer, stormwater, and parks facilities.

GOAL I1. PROVIDE TRANSPORTATION FACILITIES ADEQUATE TO SERVE LAND NEEDED FOR THE TYPE OF DEVELOPMENT DESCRIBED IN THIS ECONOMIC DEVELOPMENT STRATEGY

I1.1. MAKE IMPROVEMENTS TO KEY INTERSECTIONS AND CORRIDORS (EXISTING FACILITIES)

What and Why? The Woodburn *Transportation Systems Plan (TSP)* identifies a number of improvements that will be necessary to accommodate additional employment growth in the City. Key improvements identified in the TSP include reconfiguration of the I-5/214 interchange, and improvements to Highway 214. Specifically, the TSP identifies the following improvements:

- Improvement of the I-5 / Highway 214 interchange or construction of an additional I-5 interchange to serve Woodburn.
- Widening of Highway 214 to four lanes east of I-5 and improvements to the Highway 214 / Boones Ferry Road intersection.

These improvements are essential to Woodburn's economic development strategy; without them, ODOT will probably assert its right to deny developments that will cause its facilities to fail. In addition to the improvements described above, the TSP also targets the 99E corridor for improvements. Specifically, the TSP recommends improved access management on Highway 99E and development of a future two-lane roadway behind the existing businesses on the east of Highway 99E between Highway 211 and Highway 214.

When? Planning for the key interchange and Highway 214 improvements should begin immediately. The actual improvements could take as long as 10 years.

Who? City, ODOT, Marion County.

How much? $13.5 million for the interchange improvements, $3 million for improvements to Highway 214[1].

How will we know we succeeded? Improvements to the I-5 interchange and Highway 214 will be completed.

What else? The TSP identifies a number of other projects to bring the existing road network up to the City's street standards, to improve circulation, and to improve access to alternative transportation modes. These improvements are all important to the City's economic development strategy.

I1.2. DETERMINE NEW TRANSPORTATION FACILITIES NEEDED TO IMPLEMENT ECONOMIC VISION AND AMEND TSP AS APPROPRIATE

What and Why? Good access is essential to the City's economic development strategy. The TSP identifies several new transportation facilities. The key facilities proposed in the TSP include:

- Development of a southside arterial.
- Cooley Road extension to create a new north-south road east of Highway 99E.

In addition, the City may want to consider extending Crosby Road across the railroad tracks to connect with Highway 99E. Transportation improvements, however, should be coordinated with decisions made in the land use plan. The land use strategies may result in several major changes in land designations. These changes need to be coordinated with transportation improvements. Because decisions about land uses will occur at a later date, it is premature to recommend specific changes to the transportation systems plan and the improvements contained within that plan. In summary, infrastructure and land use decisions need to be coordinated.

Specific issues that this strategy should consider include east/west circulation in Woodburn, connectivity, a northside or southside arterial, and other improvements that support the land use plan. A northside or southside arterial would provide east-west circulation and allow traffic from the east side of Woodburn to access the western side of the I-5/214 interchange without having to use 214 to cross Woodburn.

When? Review of the TSP will need to be a part of a UGB expansion analysis. This evaluation should be completed before July 2003.

Who? City staff, ODOT, Marion County, Transportation Consultant.

[1] The cost estimate for the I-5 interchange are based on a split-diamond configuration. This configuration is probably no longer possible since the development of the WinCo warehouse facility. Cost estimates for the 214 improvements include widening and signal improvements.

How much? Approximately 60 hours of staff time to review TSP; project costs will depend on the specific projects identified in this process. The TSP includes costs for recommended projects, and costs for other projects can be estimated using the unit costs identified in the TSP.

How will we know we succeeded? Adoption of amendments to the TSP that support changes in the land use plan.

What else? The amendments need to be consistent with OAR 660-012. The amendments will also need to support any revisions to the population and employment forecasts, as well as decisions made with respect to redesignation of lands or an expanded UGB.

GOAL I2. PROVIDE WATER, SEWER, AND STORMWATER DRAINAGE SERVICE ADEQUATE TO SERVE LAND NEEDED FOR DEVELOPMENT

What and Why? Woodburn has functional plans that address needed improvements for water, sewer, and stormwater drainage. This strategy requires that they be occasionally assessed to ensure that they remain adequate to support new development. The City should review and amend these functional plans to be consistent with any changes made to the land use and transportation plans. Present City policies require adequate infrastructure be available prior to development. This goal supports those policies.

When? Ongoing throughout the 20-year period.

Who? City staff.

How much? Specific improvements and their costs are identified in each functional plan.

How will we know we succeeded? Lack of infrastructure will not be given as a reason for denying building applications.

GOAL I3. IMPLEMENT WOODBURN PARKS AND RECREATION COMPREHENSIVE PLAN

What and Why? Woodburn adopted an update to its Parks and Recreation Comprehensive Plan in October of 1999. The Plan identifies parks standards and includes a 20-year capital improvements program to achieve City standards.

Parks, open space, and recreational facilities are an important community amenity. Many industries consider quality of life factors when making locational decisions. A good parks and recreation program is one aspect of quality of life that local governments have direct control over.

When? The capital improvement program in the parks and recreation comprehensive plan extends over a 20-year period.

Who? City staff.

How much? $10.8 million for identified improvements; staff time.

How will we know we succeeded? An annual review shows that improvements described in the Parks and Recreation Comprehensive Plan are being completed according to the plan.

GOAL I4. MAINTAIN EFFICIENCT PERMITTING AND DELIVERY OF PUBLIC SERVICES

What and Why? Permitting protects public health, safety, and welfare, and public services provide benefits for residents and businesses in Woodburn. From a business's perspective, however, the permitting process and taxes to fund public services are a cost. To some extent, the City can control the degree to which these costs are significant for businesses wishing to invest in Woodburn. An efficient and streamlined permitting and public service delivery process allows businesses to act swiftly and take advantage of very short-term opportunities.

When? The City should periodically evaluate the permitting process and delivery of public services to make sure they are efficient and balance the interests of city residents and businesses with the costs.

Who? City staff; the City should seek input from the businesses that have applied for permits or public services regarding the cost, response time, and quality of service. Woodburn may benefit from an outside evaluation of its public service delivery.

How much? Approximately 40 hours of staff time for each periodic review; additional fees for outside consultant if needed.

How will we know we succeeded? When periodic review of the permitting process and delivery of public services is implemented.

GOAL I5. SUPPORT QUALITY EDUCATION IN WOODBURN

What and Why? The City should work with Woodburn Public Schools to maintain and enhance the quality of K-12 education available in Woodburn. The availability of high-quality education is an important aspect of quality of life and is a major consideration when high-income family households are selecting a place to live. Maintaining and improving the quality of education in Woodburn will make the city more attractive to high-income households, as well as improve the workforce skills and raise the earning potential of local graduates.

When? Summer 2001.

Who? City staff in conjunction with Woodburn Public Schools.

How much? Initial cost for City staff time to meet with Woodburn Public School staff. The City may assume additional costs if it finds those costs will effectively support quality education in Woodburn.

How will we know we succeeded? The City will have a more formal process for discussing economic development and workforce training with the Woodburn School District.

WORKFORCE TRAINING AND EDUCATION

The *Economic Opportunities Analysis* identified several characteristics of the local workforce that could be improved to make Woodburn more competitive for high-wage employment. These included relatively low educational attainment among the local workforce. This section focuses on strategies to train or recruit new people. The strategies focus on existing Woodburn residents.

Training opportunities need to be available for both labor and management. Many training and education opportunities already exist in Woodburn. Moreover, all of these programs are provided through organizations outside of Woodburn's municipal government, so the goals and strategies focus on coordination and support of training and education programs.

GOAL W1. SUPPORT WORKFORCE TRAINING AND DEVELOPMENT SERVICES AVAILABLE IN WOODBURN

W1.1. COORDINATE AND SUPPORT OTHER ORGANIZATIONS TO SUSTAIN AND EXPAND WORKFORCE SERVICES AVAILABLE IN WOODBURN

What and Why? The City should coordinate with organizations that offer workforce development services to find ways to assist these organizations and take actions to complement existing efforts. The *Economic Opportunity Analysis* found that Woodburn has a high share of population that completed only elementary school. Educational attainment and job skills of Woodburn residents will need to improve if residents to hold high-skill high-wage jobs created in Woodburn.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City of Woodburn should coordinate with Chemeketa Community College and organizations that offer workforce services at the Woodburn Campus and elsewhere.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? An increase in the number of Woodburn residents that use programs to enhance skills, and the creation of high-wage jobs that utilize the skills of Woodburn residents.

What else? Programs to increase the work skills of residents must be complemented by efforts to create jobs that match the available skills. Otherwise skilled workers may leave the community for jobs elsewhere.

W1.2. SUPPORT COLLABORATION BETWEEN WOODBURN PUBLIC SCHOOLS, CHEMEKETA COMMUNITY COLLEGE, AND LOCAL EMPLOYERS TO ADDRESS WORKFORCE TRAINING NEEDS

What and Why? Matching skills training with the needs of area employers should increase the effectiveness of workforce development programs in Woodburn.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? In addition to Woodburn Public Schools and Chemeketa Community College, the City may work with the Mid-Willamette Valley Education Consortium and the Regional Chamber Education Alliance. These organizations are working to incorporate work skills into high school curriculums and to increase employer–school collaborations.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? Preliminary success measured as having made the contacts and established connections. Later, success is number of programs offered and enrollment by Woodburn residents. Ultimately, success is reports back from employers of improved performance from recent graduates of high school or training programs.

W1.3. DEVELOP A TRAINING PACKAGE AS AN INCENTIVE TO RETAIN AND ATTRACT EMPLOYERS.

What and Why? The City of Woodburn should support effective marketing of workforce services in Woodburn in conjunction with the Chamber of Commerce and Chemeketa Community College. The City should ensure effective implementation of workforce services needed to attract employers. This strategy will help retain or attract firms by lowering their costs for hiring and training, and improved skills will help Woodburn residents hold higher-wage jobs.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? Workforce services are already marketed by the Chamber of Commerce and Chemeketa Community College. The City should cooperate with existing efforts to create a coordinated and effective economic development marketing program.

How much? Annual staff time covered by W1.1 and W1.2.

How will we know we succeeded? When an expanding or new business takes advantage of workforce services to help create higher-wage jobs in Woodburn.

What else? Workforce development programs must be complemented by efforts to create jobs that match the available skills. Otherwise skilled workers may leave the community for jobs elsewhere.

BUSINESS DEVELOPMENT

Business development includes strategies to support (1) the success of existing businesses in Woodburn, (2) the creation of local startup businesses, and (3) the relocation of new employers to Woodburn. Many communities acknowledge the importance of all three activities, but focus their staff time and budgets on the third, recruitment activities. While recruitment is an important strategy, the City intends to coordinate with other local and regional organizations to reduce staff investment in recruitment activities. The idea is focus on providing quick, accurate information and personalized attention to employers that contact Woodburn (either directly, or indirectly through state and county organizations).

Thus, business development goals and strategies focus on retention of existing business and activities that support and enhance existing City programs.

GOAL B1. SUPPORT THE SUCCESS OF BUSINESSES IN WOODBURN

B1.1. SUSTAIN AND ENHANCE BUSINESS SKILLS AND MANAGEMENT TRAINING AVAILABLE IN WOODBURN

What and Why? Small businesses create a significant share of new jobs, and also have the fewest resources for training to improve the skills of administrative staff or management. This task is parallel to W1.1 and W.1.2 that address training of potential employees—this task addresses the training management.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City should collaborate with the Chemeketa Community College Woodburn Campus and local Chamber of Commerce to find ways to sustain existing programs and implement additional programs targeted to the needs of businesses in Woodburn.

How much? 40 hours per year when stabilized; could be two or three times more during start-up.

How will we know we succeeded? Preliminary success measured as having made the contacts and established connections. Later, success is number of programs offered and enrollment by Woodburn residents. Ultimately, success is reports back from employers of improved performance and satisfaction with the program.

B1.2. IMPROVE INFORMATION EXCHANGE

What and Why? This task has two components: (1) information that the City makes available to businesses considering development in Woodburn, and (2) information about and access to programs available through the Oregon Economic and Community

Development Department, Small Businesses Administration, and other agencies.

A service to provide one-stop information to match the needs of employers to existing funding sources could increase the assistance available in Woodburn and reduce the response time for assistance. Whatever the City prepares should be in electronic format. That allows the information to be quickly edited, either to update or customize it, even if it is eventually transmitted to a prospective employer as a hard copy. Better would be to tie the information to a City-based web page.

The Oregon Economic and Community Development Department, Small Business Administration, and other agencies offer a wide variety of financial assistance programs for existing businesses. Each program has different funding criteria and application requirements.

This is a relatively expensive task, but critical to the City's ability respond to inquiries about development.

When? Prepare computer-based information package by June 2002.

Who? City of Woodburn staff; consultants. The City may want to consider hiring an economic development director to coordinate its economic development efforts.

How much? 300 – 600 hours, depending on the sophistication of the effort.

How will we know we succeeded? Complete package of electronic information available by June 2002, with staff trained on how to get that information to customers quickly.

GOAL B2. SUPPORT EFFORTS TO CREATE HIGH-WAGE JOBS IN WOODBURN

B2.1. COORDINATE WITH OTHER ECONOMIC DEVELOPMENT ORGANIZATIONS TO DEVELOP A COHERENT AND EFFECTIVE MARKETING PROGRAM

What and Why? A variety of public agencies and private organizations help support economic development and market Woodburn as a business location. The City should coordinate with these organizations to develop a marketing strategy that best uses the resources of each organization. A effective marketing strategy makes the best use of existing resources and provides a single point person of contact for prospective firms to get information and assistance with permitting and public services.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? The City of Woodburn in conjunction with the CCC Woodburn Campus, Chamber of Commerce, Salem Economic Development Corporation, and OCEDD. The City may want to consider hiring an economic development director to manage the City's efforts.

How much? 100 – 200 hours of staff time.

How will we know we succeeded? An annual review of a tracking process shows an increased number of inquires from businesses interested in locating in Woodburn.

What else? Ties with B1.2. The City should create and maintain a database of business inquiries. The database could track various information on the inquiries. The City should follow up with businesses that choose to locate elsewhere to gather information on how it can be more competitive.

B2.2. CONSIDER AND EVALUATE FINANCIAL INCENTIVES TO RETAIN AND ATTRACT FIRMS TO WOODBURN

What and Why? Many communities offer financial incentives to retain and attract employers by reducing their costs, however research shows that many incentive programs cost more than the benefits they produce. Woodburn could target incentives on specific industries or for any firm that meet specified criteria. Incentives could also be targeted to specific areas of Woodburn. Potential incentives include workforce screening and training, reduced fees for permits and infrastructure, Enterprise Zones, or a revolving loan program. Most small cities such as Woodburn do not have the resources to offer an extensive incentive package, so they focus on implementing State programs (such as Enterprise Zones), reducing fees and response times for permits and public services, and coordinating with other organizations to provide services needed by firms. One of the most effective locally-funded incentives is a revolving loan fund for furnishings, fixtures, and equipment, which commercial banks are reluctant to fund.

When? Begin evaluation immediately; ongoing throughout the 20-year planning period.

Who? City of Woodburn staff in conjunction with OCEDD, local banks, and other economic development organizations.

How much? Initial costs are staff time to consider and evaluate potential incentives. Costs of incentives themselves will be determined by which incentives the City decides to implement and the number of employers that use these incentives.

How will we know we succeeded? When employers take advantage of the financial incentives to create high-wage jobs in Woodburn.

What else? Incentive programs must be complemented by efficient delivery of public services and other inputs needed by employers, such as buildable land and an adequately-trained workforce.

B2.3. CONSIDER CREATION OF A LOCAL ECONOMIC DEVELOPMENT CORPORTATION IN WOODBURN

What and Why? Economic Development Corporations (EDC) are non-profit corporations dedicated to promoting economic development in their

local community, typically by maintaining information on existing development sites, marketing, and by coordinating information on available assistance programs. In addition to recruitment of large employers, Economic Development Corporations can assist in creating neighborhood-level improvements such as restaurants, grocery stores, and cultural facilities that enhance the community's quality of life.

Currently Woodburn is served by the Salem Economic Development Corporation (SEDCOR), but a local EDC may be more effective by focusing solely on the needs of Woodburn.

When? After an evaluation of the effectiveness of SEDCOR in promoting economic development in Woodburn.

Who? The City would need to facilitate incorporation of a non-profit EDC, assist in launching the organization, and provide ongoing coordination and support.

How much? Initial costs are staff time for evaluation; additional funding may be necessary to create and support the EDC.

How will we know we succeeded? Establishment of a local EDC, or a decision to continue the local relationship with SEDCOR.

B2.4. IMPROVE WOODBURN'S APPEARANCE AND IMAGE

What and Why? Improving Woodburn's appearance image as a community could make it more attractive to employers looking for a location. Actions to improve the City's appearance include signage at city entrances, beautification of commercial strips such as on Hwy 99, and better signage and events to attract people to downtown Woodburn. The City's image is a function of its appearance and presentation, and how it is perceived by employers. An economic development marketing program should emphasize Woodburn's small-town character and pro-business attitude.

When? 1–5 years.

Who? This strategy should be pursued with direct expenditures by the City of Woodburn, primarily through the public works department, and with coordination with other economic development organizations in the community. The City may want to work with a public relations firm to find out how the City is perceived by others and how to improve that perception.

How much? Depends on the specific actions implemented by the City; some costs may be funded through budgets for public works projects such as road improvements. Funding may be contributed through grants or donations by local businesses.

How will we know we succeeded? Implementation of local beautification projects and marketing that promotes a positive image of Woodburn.

GOAL B3. ENCOURAGE DEVELOPMENT OF SOCIAL AND CULTURAL AMENITIES

What and Why? Social and cultural amenities include publicly-funded facilities such as parks, recreation centers, performing arts centers, or educational facilities, and privately-funded facilities such as restaurants and theaters. This goal can be supported through several of the goals and strategies identified in other sections of this chapter. Implementation of the Parks and Recreation Comprehensive Plan (Goal I.3) would help create and enhance amenities provided through the City's parks and recreation programs. Urban renewal or improvement districts (Goal L.3, Strategy F.2.3) can be used to help create social and cultural amenities within the district boundaries. A Economic Development Corporation (Strategy B.2.3) can help create social and cultural amenities in Woodburn through marketing, financial assistance, and coordination of existing assistance and training programs. A wider range of social and cultural amenities will improve quality-of-life in Woodburn and make the city more attractive to prospective residents and employers. Social and cultural amenities, however, are not high on the list of locational criteria for most businesses.

When? Timing will be driven by implementation of related goals and strategies.

Who? City of Woodburn staff in conjunction with other economic development organizations.

How much? In addition to City staff time, costs to be determined by the strategies implemented by the City.

How will we know we succeeded? By expansion of the number and range of social and cultural amenities in Woodburn.

FINANCE

Infrastructure strategies cannot be implemented in the absence of solid financial strategies. Financial strategies must not only consider funding for capital improvements, but for ongoing operations and maintenance consistent with City standards.

It is City policy to take a broad view of infrastructure financing. That view includes capital costs, operations, and maintenance throughout the life of a public facility or improvement. In summary, the foundation of the City's strategy is to make sure that it has revenue sources to make (1) timely investments in the infrastructure, and (2) cost-effective investments in maintenance that optimize the effective life of the facilities.

GOAL F1. TREAT PUBLIC INVESTMENTS AS FULL, LIFE-CYCLE COSTS

What and Why? Public investment in infrastructure is a long-run investment. Operations and maintenance are a real and important part of the cost. This goal may require review of the existing procedures for evaluation of public facility costs. It may also require consideration of new funding sources to ensure adequate funds are available for operations and maintenance of public facilities. The City currently has sufficient funding to keep up with operation and maintenance costs, and sets System Development Charges at a level to recover 100% of costs.

When? Review of existing policies and procedures: July - December 2001; ongoing implementation.

Who? City staff; City Manager, Finance Director, Public Works Director

How much? The specific costs will be determined in updates to the City's Capital Improvement Programs.

How will we know we succeeded? Review of policies; adoption of new policies if necessary.

GOAL F2. ENSURE THAT FINANCING FOR INFRASTRUCTURE IS ADEQUATE AND FAIR

Financing is sufficient if covers full lifecycle costs, including operations and maintenance. While it is somewhat subjective, sound financing policies generally attempt to have people pay in proportion to cost imposed or benefits received. The following strategies are intended to ensure fair and adequate financing for infrastructure.

F2.1. REVIEW TRANSPORTATION FUNDING POLICIES

What and Why? Many mechanisms are available to fund transportation improvements. These include systems development charges, exactions, special legislative funding, grants, and other approaches. This strategy is intended to ensure adequate funds are available for transportation improvements, that funding is sufficient for operating and maintenance activities, and that funding is fair. The City should complete a review of its transportation systems development charge, and evaluate whether additional funding strategies or programs not identified in the current Transportation System Plan are appropriate.

When? July 2001 - June 2002.

Who? City staff.

How much? 100 hours of staff time over one year.

How will we know we succeeded? Adoption of new or revised funding policies; acknowledgement that existing policies are adequate.

F2.2. EVALUATE OTHER FINANCE STRATEGIES

What and Why? This strategy would evaluate financing programs for other public facilities and services including water, sewer, stormwater, and parks. Each of these public facilities has a separate functional plan, a separate capital improvements program, and a separate set of funding strategies. Coordinating these strategies is important to maintain the desired level of service for each facility.

This strategy is necessary to ensure adequate funding for other infrastructure improvements. It may require modifications to existing funding policies or capital improvement programs.

When? July 2001 - July 2002.

Who? City staff.

How much? 40 hours of staff time.

How will we know we succeeded? Adoption of revised funding policies.

F2.3. CONSIDER CREATION OF A LOCAL RENEWAL DISTRICT OR ECONOMIC IMPROVEMENT DISTRICT

What and Why? A renewal district uses tax increment financing to fund improvements in the district, and an economic improvement district (EID) taxes property at a set rate to fund improvements in the district. EIDs are typically used to fund management and provision of services within the district, such as maintenance and security, that will not be provided by multiple private owners. These funding tools would encourage development and job creation in the districts by lowering costs for businesses in the district and they may help make the districts more attractive as centers of economic activity.

When? 1–5 years.

Who? The City of Woodburn would need to establish and administer either of these districts.

How much? Initial costs are for evaluation.

How will we know we succeeded? When the districts help create jobs in Woodburn.

What else? Improvements and incentives available though funding districts should be marketed to prospective businesses, and the investments made by the district should be promoted to residents to sustain public support for the districts.

INSTITUTIONAL ORGANIZATION AND COORDINATION

There are numerous organizations engaged in economic development efforts that include Woodburn. It makes sense for Woodburn to coordinate with these organizations in order to take full advantage of these efforts and reduce the need for City actions and expenditures.

The policies in this section overlap with those in all previous categories, but especially with Workforce and Business Development.

GOAL C1. DEVELOP CITY INSTITUTIONAL STRATEGY FOR ESTABLISHING A CITY ECONOMIC DEVELOPMENT PROCESS

C1.1. ESTABLISH INTER-ORGANIZATION ECONOMIC DEVELOPMENT TEAM

What and Why? An Economic Development Team would have the primary responsibility of coordinating the efforts of the various organizations to create a coherent and effective economic development strategy for Woodburn.

When? 1-5 years.

Who? The development team should consist of the city manager, city planner, public works director, and representatives of the Chamber of Commerce and other relevant organizations. The City may want to consider hiring an economic development director to oversee the City's economic development efforts.

How much? Minimum cost will be staff time to coordinate with other organizations; an economic development director may have an annual salary on the order of $60,000 plus benefits, and would require costs for office and other overhead.

How will we know we succeeded? Establishment of the team; the number of meetings the team has with prospective businesses each year.

GOAL C2. COORDINATE WITH MARION COUNTY AND OTHER REGIONAL AND STATEWIDE ORGANIZATIONS TO SUPPORT ECONOMIC DEVELOPMENT IN WOODBURN

C2.1. DEVELOP STRATEGIC PARTNERSHIPS WITH OTHER LOCAL AND REGIONAL GROUPS

What and Why? The City of Woodburn should coordinate its economic development efforts with the Oregon Economic and Community Development Department, Oregon Employment Department, Salem Economic Development Corporation, Marion County, Chemeketa Community College, and other relevant organizations. Coordination with these organizations will allow the City to take full advantage of existing efforts and avoid funding redundant programs.

When? Immediately and regularly throughout the City's economic development efforts.

Who? City of Woodburn staff and other organizations. The City may want to consider hiring an economic development director to coordinate and manage the City's economic development efforts.

How much? Approximately 160 hours of staff time for initial meetings and coordination, with an additional 40 hours 1–2 per year for ongoing coordination.

How will we know we succeeded? When the City has met with other organizations and developed a coordinated economic development program.

What else? This strategy complements Strategy W.1.1, W.1.3, B.1.1, and B.2.1.

C2.2. COORDINATE WITH SCHOOL DISTRICT

What and Why? As new businesses are attracted to Woodburn, those industries may require specialized skills. The City should coordinate with the Woodburn School District to offer specialized training, where appropriate. The City should also coordinate with the Woodburn School District to find ways the City can support delivery of quality education in Woodburn to improve quality of life and make the city more attractive for high-income households. The City should work with the District to identify a staff liaison from each organization to coordinate activities.

When? Begin immediately; ongoing throughout the 20-year planning period.

Who? City staff, Woodburn School District.

How much? Approximately 40 hours of staff time per year for initial and ongoing coordination.

How will we know we succeeded? Establishment of a formal coordination process.

What else? This strategy compliments Goal I5 and Strategy W.1.2.

IMPLICATIONS OF ECONOMIC DEVELOPMENT GOALS AND STRATEGIES

The economic development goals and strategies described in this chapter have several major implications for the City of Woodburn. Overall, they show that the City has a lot of work to do on economic development. We believe a key step for implementing these goals and strategies is hiring an economic development planner to focus and maintain the City's efforts.

Implementation of these economic development goals and strategies will require the City to integrate economic development, land use, public facility, and transportation plans into a coherent package. This integration will include making adjustments to population and employment forecasts used in various plans and following these adjustments through to the conclusions of these plans.

The findings of this report and the City's Buildable Lands Project report suggest the City may need to make changes to plan designations and expand its UGB, which will require an update to the City's buildable lands inventory.

All of these implications will need to be addressed over the next 12 – 24 months.

City of Woodburn

Preliminary Analysis
Statewide Planning Goal Compliance Issues

June 11, 2001

Woodburn may amend its comprehensive plan, transportation system plan and land use regulations to maximize its economic development opportunities. WPS has been asked to analyze Oregon's Statewide Planning Goal issues that need to be addressed if the city initiates these amendments. Because the Statewide Planning Goals are inter-related, a proposal to amend the comprehensive plan and land use regulations must comply with state goals and be internally consistent.

Contents

Introduction

This memorandum is based on the following logic:

1. The Economic Opportunities Analysis (ECONorthwest, 2001) has identified target industries and their quantitative and qualitative site needs.
2. The Woodburn City Council has determined that amendments to the Woodburn Comprehensive Plan and land use regulations may be necessary to provide suitable sites for targeted industries or to address industrial park siting criteria.
3. Due to the apparent shortage of suitable industrial sites within the existing Woodburn UGB, amendments to the Woodburn Urban Growth Boundary (UGB) may also be required.

Thirteen of Oregon's 19 Statewide Planning Goals appear to apply to plan or code amendments within the Woodburn UGB and its adjacent rural area[1]:

- Goal 1: Citizen Involvement
- Goal 2: Land Use Planning (OAR Chapter 660, Division 4)
- Goal 3: Agricultural Land (ORS 215.243; OAR Chapter 660, Division 33)
- Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces (OAR Chapter 660, Division 23)
- Goal 6: Air, Land and Water Resources Quality
- Goal 7: Areas Subject to Natural Disasters and Hazards
- Goal 8: Recreational Needs
- Goal 9: Economy of the State (ORS 197.712; OAR Chapter 660, Division 9)
- Goal 10: Housing (ORS 197.296-314; OAR Chapter 660, Division 8)
- Goal 11: Public Facilities and Services (OAR Chapter 660, Division 11)
- Goal 12: Transportation (OAR Chapter 660, Division 12)
- Goal 13: Energy Conservation

[1] Because Woodburn is surrounded by agricultural land (as opposed to forest land), Goal 4: Forest Land, probably does not apply.

- Goal 14: Urbanization (ORS 197.296-298; OAR Chapter 660, Division 4)

These goals, collectively, have both procedural and substantive requirements. The procedural requirements are process-oriented steps the city must take to satisfy the goal provisions. These are typically spelled out in the goal or in the administrative rule that implements the goal. For example, Goal 2 requires that cities and counties work together to decide on population projections. Substantive requirements are the actual issues the city must address to satisfy the goal provisions. For instance, Goal 10 requires cities to provide sufficient buildable land for 20 years of housing. A successful proposal for changes to the comprehensive plan and land use regulations must do both things: follow all the procedural requirements, and meet all the substantive requirements in the statewide goals.

Most of the Statewide Planning Goals listed above have accompanying administrative rules that are longer and more specific than their corresponding goals. The Oregon Land Conservation and Development Commission (LCDC) is the state agency that carries out these rules. Some goals and rules have complementary statutory provisions (*e.g.,* Goals 3, 9, 10, 11 and 14).

All goals are not equal. Certain goals – Goals 2 (Land Use Planning), 5 (Natural Resources), 9 (Economy of the State), 10 (Housing), 11 (Public Facilities and Services), 12 (Transportation) and 14 (Urbanization) – will be given greater scrutiny when comprehensive plan and land use regulation amendments are proposed to increase the supply of industrial land. Other goals – Goals 6, 7, 8 and 13 – must be addressed, but they are not so closely watched. If amendments to the urban growth boundary are proposed, these amendments are likely to face a higher level of scrutiny from state agencies and land use interest groups. Depending on the proposal, other organizations may be involved. For instance, if comprehensive plan map amendments will result in increased traffic to state highways or county roads, ODOT and Marion County will want to review transportation impacts.

In summary, if the city amends its comprehensive plan and land use regulations to create serviced sites that meet the needs of targeted industries, then these amendments must comply with both the procedural and substantive requirements of each of the applicable Statewide Planning Goals and their accompanying administrative rules. This memorandum describes the issues and findings that must be made in order to comply with applicable state goals and rules. The first section of this document identifies procedural goal requirements. The second discusses substantive goal requirements.

Section I: Procedural Goal Requirements

Goal 1: Citizen Involvement

Compliance with Goal 1 is established by demonstrating compliance with Woodburn's acknowledged Citizen Involvement Program. Woodburn's program is prescribed in the citizen involvement goal and policies of the city's comprehensive plan and in its zoning ordinance notice requirements.

Goal 2: Land Use Planning

Goal 2 includes requirements for:

- coordination with Marion County regarding population projections and in the plan amendment process;
- coordination with affected state agencies regarding plan and code amendments;
- internal consistency among the comprehensive plan, land use regulations, factual information and the proposed amendments;
- effective implementation measures that are consistent with and adequate to carry out plan policies; and
- a formal exception to compliance with the Agricultural Lands goal when agricultural land is needed for urban purposes (*i.e.,* when the UGB is expanded).

Coordination with Marion County

Under ORS 195, the county is responsible for ensuring that the population projections of its cities are "coordinated" with the county's population projection. Woodburn's 2020 projection of 26,290 has been coordinated with Marion County and should be used for determining population growth in Woodburn. However, if a change is proposed in this population projection, approval from Marion County is required, and further "coordination" with the State Economist's projection for Marion County may be required.

Marion County also must approve any comprehensive plan or zoning map amendments that affect land outside Woodburn city limits. If plan map amendments are proposed on unincorporated land within the Woodburn UGB, the county must approve these amendments. If changes to comprehensive plan policies are proposed, both the city and the county must approve these amendments. Urban growth boundary amendments must also be jointly adopted to become effective: Marion County has a strong interest in preserving its agricultural land base. county roads may be affected by proposed changes in land use. In all of these areas, the city must demonstrate that coordination with Marion County has

occurred. Marion County should be viewed as an equal partner in the plan amendment process.

Woodburn's urban growth management agreement (UGMA) with Marion County provides guidance regarding the plan amendment and notification process. It is important that Woodburn and Marion County follow the procedural requirements outlined in the UGMA and include findings explaining how compliance with this agreement has been achieved in the plan amendment process.

Coordination with Affected State and Federal Agencies

Goal 2 requires that the concerns of state and federal agencies must be "considered and accommodated to the extent possible" in the plan and code amendment process. At a minimum, State agencies that are likely to be interested in Woodburn's economic development amendment package include the following:

- Oregon Department of Land Conservation & Development (DLCD);
- Oregon Economic Development Department (EDD);
- Oregon Department of Transportation (ODOT);
- Oregon Division of State Lands (DSL);
- Oregon Department of Environmental Quality (DEQ); and
- Oregon Department of Fish & Wildlife (ODFW).

Cities must document state and federal agency concerns, and how it has accommodated these concerns as much as possible. In some instances (*e.g.*, ODOT's interest in state highways and DSL's interest in impacts on inventoried wetlands), the concerns of state agencies are backed by LCDC or their own administrative rules. In such instances, accommodating state agency concerns often means compliance with applicable state administrative rules. The substantive requirements of these rules are addressed in Section II of this memorandum.

Internal Consistency

One of the most common allegations of error to the Land Use Board of Appeals (LUBA) is *inconsistencies* among the factual basis in the plan, plan policies and/or implementing land use regulations.

Goal 2 requires that the factual basis of the plan be consistent with and supportive of the goals and policies of the plan. For example, Woodburn's housing needs analysis must be based on coordinated population projection and existing and projected income levels of city residents. Or, if the Goal 5 inventory includes "significant wetlands," it is critical that these wetlands also be incorporated into the buildable lands inventory. In this case, it is imperative that Woodburn's economic policies and employment zones be consistent with the recommendations of the Economic Opportunities Analysis (OEA) required by Goal 9.

Effective Implementation Measures

Goal 2 requires that implementation measures be "consistent with and adequate to carry out" the policy direction established in the Comprehensive Plan. This means that comprehensive plan policies must have effective implementing plans and regulations – like the zoning and subdivision ordinance, or the capital improvements program. During the plan amendment process, cities may discover that adopted plan policies and land use regulations are inconsistent with the results of studies undertaken during periodic review, or with the Council's preferred policy direction. Faced with this problem, local governments often ignore or attempt to "write around" adopted plan policies and code standards in their findings, rather than change the policy or standard. Overall, it is more efficient to amend the plan and code consistent with the city's desired direction as part of the legislative amendment package.[2]

Goal 2 "Reasons Exception"

The second part of Goal 2 sets forth procedures and criteria that must be followed whenever agricultural land is needed for non-agricultural purposes. This section applies when land is converted from rural to urban use as a result of a UGB amendment. The "reasons" for the Goal 3 "exception" must be included in both the city and county comprehensive plans and must meet the requirements of OAR Chapter 660, Division 4, Exceptions.

Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces

Statewide Planning Goal 5 is interpreted by OAR Chapter 660, Division 23. Goal 5 includes a number of procedural requirements for resolving conflicts between urban development and significant resource areas.

- Develop inventory methods and significance criteria.
- If there are significant resource sites, (*e.g.*, wetlands, riparian areas or historic sites), identify conflicts between resource protection and urban development. These conflicting uses are based on zoning. If the city changes zoning to accommodate more or different industrial uses, a new conflicting use determination may be necessary.
- Next, the ESEE (economic, social, environmental and energy) consequences of alternative courses of action must be considered. Again, the ESEE analysis depends on the conflicting uses allowed by zoning, which could change through this process.
- Based on this ESEE analysis, the city must develop and adopt a program that resolves conflicts between resource preservation and urban development.

If, as a result of its Goal 5 program, mapped resource areas are designated unbuildable, they must be removed from the inventory of buildable land. If the UGB does not include an adequate supply of buildable land, then the UGB itself must be amended to provide sufficient land through the Year 2020.

[2] ECONorthwest and WPS will review the city's comprehensive plan and zoning ordinance to identify potential consistency issues as part of this contract.

Wetlands and Riparian Areas

Woodburn has conducted a local wetlands inventory (LWI) for land within the UGB that identifies "significant wetlands and riparian areas" on existing and potential industrial sites. The Woodburn Buildable Lands Inventory classifies "wetlands and riparian areas" as unbuildable land. Nevertheless, it is important that Woodburn complete the Goal 5 process for significant wetlands and riparian areas. Otherwise, there may not be an adequate factual basis for removal of wetlands and riparian areas from the buildable land inventory. This would increase the supply of buildable land within the UGB and undermine the rationale for expansion. (Please see discussion of "safe harbor" provisions under substantive requirements of Goal 5, Section II.)

Statewide Planning Goal 14: Urbanization

The procedural requirements associated with a Goal 14 UGB amendment are discussed under Goal 2, above. In summary:

- UGB amendments must be based on a coordinated population projection.
- The factual base underlying a UGB amendment must support the need for the amendment, consistent with Goals 9 and 10. The buildable lands inventory must recognize constraints identified Goal 5 and Goal 7 inventories.
- Both the city and the county must adopt the UGB amendment and plan designations for land to be included within the UGB.
- The procedural and notice requirements for exceptions specified in Goal 2, Part II (and in OAR Chapter 660, Division 4) and the urban growth management agreement between Marion County and Woodburn.
- Comments of state and federal agencies must be considered and accommodated to the extent possible.
- If a need for a specific type of site is identified in the economic opportunities analysis, the comprehensive plan and zoning ordinance must ensure that the site is reserved for that purpose.

Section II: Substantive Goals Requirements

In addition to procedural requirements, Statewide Planning Goals 3 through 14 have substantive requirements that must be addressed when substantial comprehensive plan and code amendments are proposed.

Goals 5: Natural Resources, Scenic and Historic Areas, and Open Spaces

As indicated in the discussion of Goal 5 in Section I, above, there is a relationship between Goal 5 resource areas, Goal 9 site suitability analyses, and Goal 14 buildable land inventories. If local governments restrict development on significant Goal 5 resource areas, then these areas are considered unbuildable. Since the city wants to ensure an adequate supply of buildable industrial land to meet long-term needs, the city should consider the site-suitability consequences of adopting regulations to protect Goal 5 resources.

Safe Harbor for Stream Corridors and Wetlands

OAR 660-23-090 and 660-023-100 explains how the Goal 5 process works for significant wetlands and stream corridors (riparian areas). Woodburn has two options:

1. Go through the entire Goal 5 process described in OAR 660-23-030 through 050 (and summarized in Section I, above); or
2. Use "safe harbor" options for significant wetlands and stream corridors.

WPS recommends that the city consider the safe harbor option, because it saves time and money and reduces uncertainty. The safe harbor option does not require a conflicting use analysis, ESEE analysis, or a local Goal 5 program. Rather, it simply requires protection of:

- locally-significant wetlands that appear on the LWI; and
- fish-bearing streams and their riparian area. (Maps of "fish-bearing streams" are available through ODFW or the Department of Forestry.)

WPS has developed safe harbor ordinances that have been acknowledged by LCDC for a number of jurisdictions in Oregon. If requested, WPS can provide copies of acknowledged safe harbor regulations for city review.

Historic Sites and Structures

Woodburn should account for significant historic sites and structures in the buildable land inventory. If there are sites or structures listed on the National Register and protected by

local regulations, their boundaries should be mapped and excluded from the buildable land inventory.

Goal 5 Conclusion

Goal 5 requires local governments to inventory significant resource sites, identify conflicting uses, and analyze the consequences of protecting, not protecting, or partially protecting each type of resource. Woodburn's stream corridors and wetlands reduce the area of land within the UGB available for development. Woodburn also has historic resources that may limit the development potential of designated industrial sites. Once Woodburn has made a policy choice regarding its treatment of stream corridors, wetlands and historic resources, these policy choices must be factored into the buildable lands inventory (and industrial site suitability analysis) for land within the UGB.

Goal 6: Air, Land and Water Resources Quality

Goal 6 requires that "air, land, and water resource quality" not be "degraded" as a result of planned urban development. DEQ is responsible for administration of the Clear Air Act and the Clean Water Act at the state level.[3] The way that cities meet Goal 6 is through demonstration of compliance with Environmental Quality Commission (EQC) air, land and water quality administrative rules. Water quality standards typically are met through EQC approval of plans for sanitary sewer systems. DEQ also regulates point and non-point source emissions related to water and air quality. Therefore, coordination with DEQ is the essential element in demonstrating compliance with Goal 6.

Woodburn recently updated its Public Facilities Plan, which addresses storm drainage, sanitary sewer, water and transportation projects necessary to accommodate planned growth within the UGB. However, if proposed plan amendments increase the supply of industrial land, then these plans may need to be revisited to assess any increased impacts from planned industrial development. If UGB amendments are proposed, then compliance with Goal 6 must be demonstrated. (See, for example, *Concerned Citizens v. Jackson County* [LUBA No. 95-225].)

Goal 6 Conclusion

Goal 6 requires that air, land and water resource quality not be degraded as a result of proposed plan amendments. If industrial land is added to the UGB, then the city must demonstrate that it has coordinated these changes with the Department of Environmental Quality to address any increased impacts.

Goal 7: Areas Subject to Natural Disasters and Hazards

[3] See, for example, OAR Chapter 240, Divisions 21, 35, 41 and 48.

Goal 7 requires that cities and counties adopt measures to protect life and property from natural hazards and disasters, such as slides and floods. Because Woodburn is relatively flat, it does not have major slope hazards. Woodburn does, however, have considerable land within the 100-year floodplain.

The Goal 10 Administrative Rule authorizes local governments to exclude land with slopes of 25% or greater, and land within the 100-year floodplain, from residential buildable lands inventories. (See definitions of buildable land in OAR Chapter 660, Division 8.[4]) These factors must be considered when assessing site suitability under the Goal 9 rule. (See OAR Chapter 660, Division 9.)

The 1999 Buildable Lands Inventory excluded the 100-year floodplain and slopes of 25% and greater from the buildable lands inventory. (See Exhibit 1, Memorandum from W&H Pacific dated June 25, 1999.)

However, more recently, DLCD has asked local governments to adopt regulations that prohibit development on steep slopes and within the 100-year floodplain, if such land is to be considered "unbuildable" for purposes of UGB analysis.[5] Although we know of no case law that supports this position, the city should be aware that this interpretation exists.

Goal 7 Conclusion

Woodburn must consider areas subject to natural disasters and hazards when assessing industrial site suitability. Because Woodburn is located on relatively flat land, the city's primary natural hazard is flooding. The city's 2000 buildable lands inventory excludes land within the 100-year floodplain. Generally, land within the 100-year floodplain and on slopes of 25% or greater is considered unbuildable.

Goal 8: Recreational Needs

Goal 8, as it applies within UGBs, has no implementing administrative rule. In Woodburn's case, improving the city's park and recreation system probably will make the city more attractive to firms that may choose to locate in the area.

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[4] OAR 660-08-0005(2) reads as follows:

> *"2) 'Buildable Land' means residentially designated vacant and, at the option of the local jurisdiction, redevelopable land within the Metro urban growth boundary that is not severely constrained by natural hazards (Statewide Planning Goal 7) or subject to natural resource protection measures (Statewide Planning Goals 5 and 15). Publicly owned land is generally not considered available for residential use. Land with slopes of 25 percent or greater unless otherwise provided for at the time of acknowledgment and land within the 100-year floodplain is generally considered unbuildable for purposes of density calculations."*

[5] See, for example, 1999 comments from Mark Radabaugh and Bill Adams regarding McMinnville's buildable lands inventory. See also draft Goal 14 administrative rule (not adopted). DLCD has offered different interpretations in many other acknowledgement orders. See, for example, Portland Metropolitan UGB or the Eugene-Springfield Metro Plan acknowledgment orders.

Generally, publicly-owned land that is reserved for parks is not considered available for private economic development. This assumption is reflected in the 1999 Buildable Lands Inventory. (See Technical Memorandum 1: Final Buildable Lands Inventory Methodology.)

Goal 8 Conclusion

There are unlikely to be any significant Goal 8 issues.

Goal 9: Economy of the State

ECONorthwest's primary tasks are to conduct the "economic opportunities analysis" (EOA) and determine whether Woodburn has an adequate supply of suitable sites available to meet the needs of targeted industries, as required by Goal 9 and OAR Chapter 660, Division 9. The Goal 9 rule resulted from 1983 legislation that required local governments to undertake economic opportunities analyses to improve the state's then-lagging economy. Quoting from OAR 660-09-000:

"The purpose of this division is to aid in achieving the requirements of Goal 9, Economy of the State (OAR 660-015-0000(9)), by implementing the requirements of ORS 197.712(2)(a) - (d). The rule responds to legislative direction to assure that comprehensive plans and land use regulations are updated to provide adequate opportunities for a variety of economic activities throughout the state (ORS 197.712(1)) and to assure that plans are based on available information about state and national economic trends. (ORS 197.717(2))."

"An Adequate Supply of Sites. . ."

ORS 197.712 makes it clear, among other things, that LCDC must ensure that cities provide "at least an adequate supply of sites of suitable sizes, types, locations and service levels for industrial and commercial uses" consistent with plan policies that address economic opportunities in the community. ORS 197.712 reads as follows:

> ***"197.712 Commission duties; comprehensive plan provisions; public facility plans; state agency coordination plans; compliance deadline.***
> ***(1) In addition to the findings and policies set forth in ORS 197.005, 197.010 and 215.243, the Legislative Assembly finds and declares that, in carrying out statewide comprehensive land use planning, the provision of adequate opportunities for a variety of economic activities throughout the state is vital to the health, welfare and prosperity of all the people of the state.***
> ***(2) By the adoption of new goals or rules, or the application, interpretation or amendment of existing goals or rules, the commission shall implement all of the following:***
> ***(a) Comprehensive plans shall include an analysis of the community's economic patterns, potentialities, strengths and deficiencies as they relate to state and national trends.***
> ***(b) Comprehensive plans shall contain policies concerning the economic development opportunities in the community.***

(c) Comprehensive plans and land use regulations shall provide for at least an adequate supply of sites of suitable sizes, types, locations and service levels for industrial and commercial uses consistent with plan policies.

(d) Comprehensive plans and land use regulations shall provide for compatible uses on or near sites zoned for specific industrial and commercial uses."

Designation of Lands for Commercial and Industrial Uses

OAR 660-009-0025 focuses on "measures" that cities must take to implement ORS 197.712.[6] Key among these measures is designating sites that meet identified needs for categories of employment uses. If plan amendments – especially UGB amendments – are proposed, then it is critical that Woodburn make detailed findings demonstrating consistency with these criteria.

"Measures adequate to implement policies adopted pursuant to OAR 660-009-0020 shall be adopted. Appropriate implementing measures include amendments to plan and zone map designations, land use regulations, and public facility plans:

(1) Identification of Needed Sites. The plan shall identify the approximate number and acreage of sites needed to accommodate industrial and commercial uses to implement plan policies. The need for sites should be specified in several broad 'site categories', (e.g., light industrial, heavy industrial, commercial office, commercial retail, highway commercial, etc.) combining compatible uses with similar site requirements. It is not necessary to provide a different type of site for each industrial or commercial use which may locate in the planning area. Several broad site categories will provide for industrial and commercial uses likely to occur in most planning areas.

(2) Long-Term Supply of Land. Plans shall designate land suitable to meet the site needs identified in section (1) of this rule. <u>The total acreage of land designated in each site category shall at least equal the projected land needs for each category during the 20-year planning period.</u> Jurisdictions need not designate sites for neighborhood commercial uses in urbanizing areas if they have adopted plan policies which provide clear standards for redesignation of residential land to provide for such uses. Designation of industrial or commercial lands which involve an amendment to the urban growth boundary must meet the requirements of OAR 660-004-0010(1)(c)(B) and 660-004-0018(3)(a).

(4) Sites for Uses with Special Siting Requirements. Jurisdictions which adopt objectives or policies to provide for specific uses with special site requirements shall adopt policies and land use regulations to provide for the needs of those uses. Special site requirements include but need not be limited to large acreage sites, special site configurations, direct access to transportation facilities, or sensitivity to adjacent land uses, or coastal shoreland sites designated as especially suited for water-dependent use under Goal 17. Policies and land use regulations for these uses shall:

(a) Identify sites suitable for the proposed use;

(b) Protect sites suitable for the proposed use by limiting land divisions and permissible uses and activities to those which would not interfere with development of the site for the intended use; and

[6] It is instructive to compare the Goal 9 rule requirements for "measures" with the "measures" that local governments *may* take for increasing land use efficiency required under ORS 197.296. See discussion under Goal 14.

(c) Where necessary to protect a site for the intended industrial or commercial use include measures which either prevent or appropriately restrict incompatible uses on adjacent and nearby lands."

Relationship to Goal 14

The above statutory and rule provision must be considered within the context of Statewide Planning Goal 14, which requires cities to include sufficient buildable land within UGBs to meet 20-year employment needs.[7] The Goal 9 analysis addresses both the need for industrial land (Factors 1 and 2 of Goal 14) and the locational characteristics of needed industrial land (Factors 3-7 of Goal 14). Goal 14 has also been interpreted by the LCDC such that the UGB must include sufficient buildable land for "the planning period," and cannot have more than a 20-year land supply.[8]

The Woodburn Economic Opportunities Analysis will address, with specificity, the siting needs of a range of targeted industries and of industrial parks that typically accommodate targeted industries. These siting needs are expressed quantitatively (site size) and qualitatively (site location, topographic and service characteristics) for each targeted industry or type of industrial development.[9]

In most cases, by providing a 20-year supply of industrial land *in the aggregate*, the city will also have a sufficient industrial land supply to meet the siting needs of specific targeted industries. However, it is possible that the supply of suitable sites for a targeted industry or type of development may be extremely limited, to the point of constraining the short-term land market. For example, there may be only one available site that meets the need of a targeted industry, which would not provide for choice in the marketplace. In such cases, ORS 197.712(2) appears to allow local governments to amend the UGB to provide for such choice. However, OAR 660-009-0025 specifically requires that sites that are included within UGBs be specifically reserved for their intended employment use.

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[7] Note that the Goal 9 rule interprets the planning period as equal to 20 years.

[8] The 1999 Oregon Legislature almost passed legislation that would mandate local and regional governments to provide a 20-year supply of buildable industrial and commercial land within their respective UGBs. The 2001 Legislature is considering a similar bill. The Goal 9 rule now requires that there be sufficient land to meet employment needs "within the planning period" (*i.e.*, 20 years). Based on discussions with DLCD staff, LCDC is likely to support 20-year buildable lands supply legislation in this legislative session. The draft Goal 14 administrative rule also mandates a 20-year industrial and commercial land supply.

[9] Consider the following Goal 9 Rule definitions (OAR 660-009-0005):

"3) 'Locational Factors': Features which affect where a particular type of commercial or industrial operation will locate. Locational factors include but are not limited to: proximity to raw materials, supplies, and services; proximity to markets or educational institutions; access to transportation facilities; labor market factors (e.g., skill level, education, age distribution).

(4) 'Site Requirement': The physical attributes of a site without which a particular type or types of industrial or commercial use cannot reasonably operate. Site requirements may include: a minimum acreage or site configuration, specific types or levels of public facilities and services, or direct access to a particular type of transportation facility such as rail or deep water access.

(5) 'Suitable': A site is suitable for industrial or commercial use if the site either provides for the site requirements of the proposed use or category of use or can be expected to provide for the site requirements of the proposed use within the planning period."

In the end, an industrial land ledger sheet is required. The left-hand column identifies the site characteristics and buildable land area needed for each targeted industry or type of industrial development. The middle column describes buildable industrial sites available to meet this need. The right-hand column identifies the surplus or deficit for each targeted industry or type of industrial development. If there are sufficient suitable sites to meet identified needs for the next 20 years, the inquiry is over. However, any deficits identified on the ledger sheet must be addressed through the plan or code amendment process.

Goal 9 Conclusion

Woodburn must conduct an "economic opportunities analysis" that considers the city's locational advantages and disadvantages in a regional context. Based on this analysis, the city must identify the types of industries it would like to attract, and the site characteristics required by targeted industries. Next, the city must compare the two. If the UGB has enough land that is properly planned and zoned – that has the site characteristics required by targeted industries – then Woodburn complies with Goal 9. However, if the Woodburn UGB lacks sites that have the site characteristics required by targeted industries, then plan or code amendments are necessary. These amendments must be consistent with other Statewide Planning Goals– especially Goals 2, 5, 10, 11, 12 and 14.

Goal 10: Housing

Goal 10 requires cities to provide sufficient buildable land to provide affordable housing for existing and future residents. Goal 10 reads as follows:

"To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."

Relationship to Goal 9

As discussed above, Statewide Planning Goal 2 requires that plans be internally consistent and that implementation measures be adequate to carry out the policy direction of the comprehensive plan. Woodburn has already conducted a housing needs analysis and buildable lands inventory as required by Goal 10.[10] This housing needs analysis is based on assumptions about income levels of future Woodburn households, which are based on economic projections. If household income assumptions were to change based on the Economic Opportunities Analysis required by Goal 9, then the housing needs analysis may need to change also. ECONorthwest will review the 1999 housing needs analysis to ensure such internal consistency. If the housing needs analysis changes, this could affect

[10] See *Woodburn Buildable Lands and Urbanization Project* (McKeever/Morris, Inc., February 7, 2000). See especially "Housing Needs Analysis Memorandum" (E.D. Hovee & Company, June 28, 1999) and "Final Buildable Lands Inventory" (W&H Pacific, June 25, 1999).

the area of buildable land needed for housing over the next 20 years. These changes must be carefully documented, especially if UGB amendments are proposed.

Relationship to Goal 14

Goal 14 requires cities to provide a 20-year land supply for housing. Across Oregon, most land within UGBs is allocated to meet housing needs. At the same time, Goal 14 requires a compact urban growth form and "maximum efficiency of land use." Prior to amending UGBs, Goal 14 and ORS 197.198 require cities to examine whether greater residential land use efficiencies can be achieved through zoning or other measures.

If comprehensive plan amendments are necessary to comply with Goal 9, then Goal 14 requires Woodburn first to look inside its UGB to meet industrial needs – before considering rural and agricultural land outside the UGB. Like most cities, most of Woodburn's buildable land supply is designated for residential use. Because there is so much residential land, increasing residential density provides a major opportunity to achieve greater land use efficiency. Therefore, Woodburn must carefully examine its residential land supply, to determine whether some residential land can be re-designated for industrial use,[11] before UGB amendments are considered. However, residential land can only be re-designated for industrial if the change will not cause a shortage of buildable residential land.

Goal 10 Conclusion

Goal 9 and Goal 10 analyses must be internally consistent. First, Woodburn must provide sufficient buildable land within its UGB to meet housing needs for the next 20 years. Housing need is a function of household income. The Economic Opportunities Analysis will help determine Woodburn's economic future as well as the projected incomes of its residents. If incomes rise, needed housing types and densities may change, which could effect the amount of residential land that must be included within the UGB. Second, Woodburn may need more industrial land to meet its employment objectives.

Before Woodburn can amend its UGB to meet industrial needs, the city must demonstrate that residential land cannot be re-designated for industrial use. To do this, Woodburn must examine whether residential land can be used more efficiently, while providing sufficient buildable land to meet projected housing needs for the next 20 years. All of this analysis must be internally consistent and documented in any plan and code amendment findings.

Goal 11: Public Facilities and Services

Goal 11 requires a demonstration that adequate public facilities and services can be provided to serve buildable land within the UGB. The Goal 11 rule[12] also requires cities with populations of

[11] This was one of the primary purposes of the *Woodburn Buildable Lands and Urbanization Project.*

[12] See OAR Chapter 660, Division 11.

2,500 or greater to adopt "public facilities plans". The public facilities plan (PFP) must address sanitary sewer, storm drainage, water and transportation facilities necessary to support planned housing and employment growth. The PFP must identify need public facilities projects, their approximate timing and estimated costs. If plan amendments are proposed, it is important to assess the impact of these plan amendments on the acknowledged public facilities plan – especially Woodburn's ability to provide needed services to new industrial sites. ORS 197.712 and the Goal 9 rule go further, as indicted below.

Relationship to Goal 9

The Goal 9 rule interprets ORS 197.712 by requiring cities to identify "serviceable" industrial sites "at the time of periodic review." "Serviceable" means those sites that now have, or can be provided with sanitary sewer, water, storm drainage and transportation services within one year.[13] Our understanding of this rule provision is that when the *initial* public facilities plan is prepared, cities of 2,500 or greater must distinguish between serviceable and non-serviceable sites. However, later plan amendments are not required to make this distinction.[14]

Relationship to the Transportation Planning Rule

The Transportation Planning Rule (TPR or Goal 12 Rule)) was adopted about a decade after the Public Facilities Rule (Goal 11 Rule). Although transportation facilities are considered "public facilities" under the Goal 11 Rule, the TPR includes much more demanding requirements – especially where state highways are concerned.

Goal 11 Conclusion

At a minimum, the Goal 11 rule requires Woodburn to demonstrate that adequate sanitary sewer, water, storm drainage and transportation services can be provided to all land within its existing or proposed UGB – and especially to areas proposed for plan amendments or UGB expansion. We recommend that the city update its public facilities plan (PFP) in conjunction with any plan amendment package, to ensure compliance with Goal 11. We also request clarification from DLCD regarding whether the requirements of OAR 660-009-0025(3) apply to plan amendments during this periodic review process.

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[13] OAR 660-009-0025(3) and (6).

[14] OAR 660-009-0005(3) defines "serviceable" as follows:

6) 'Serviceable': A site is serviceable if:

(a) Public facilities, as defined by OAR Chapter 660, Division 11 currently have adequate capacity to serve development planned for the service area where the site is located or can be upgraded to have adequate capacity within one year; and

(b) Public facilities either are currently extended to the site, or can be provided to the site within one year of a user's application for a building permit or request for service extension."

However, OAR 660-009-0025 requires that local governments with populations of 2,5000 or greater make this distinction only once – at the time of the initial periodic review:

"(3) Short-Term Supply of Serviceable Sites. If the local government is required to prepare a public facility plan by OAR Chapter 660, Division 11 it shall complete subsections (a) through (c) of this section at the time of periodic review. Requirements of this rule apply only to local government decisions made at the time of periodic review. Subsequent implementation of or amendments to the comprehensive plan or the public facility plan which change the supply of serviceable industrial land are not subject to the requirements of this rule."

Goal 12: Transportation

Goal 12 requires coordination with the Oregon Department of Transportation (ODOT) and Marion County in the provision of a "safe, convenient and economic transportation system" that "conforms with local and regional comprehensive land use plans." All modes of transportation must be considered, while avoiding "principal reliance upon any one mode of transportation." Transportation facilities must be inventoried and project needs determined. Transportation facilities must "facilitate the flow of goods and services so as to strengthen the local and regional economy."

The Transportation Planning Rule (TPR) and the Oregon Highway Plan (OHP) implement Goal 12. The TPR requires local governments to prepare a "transportation systems plan" (TSP) that meets the requirements of OAR 660-012-020 through 055. The OHP is a component of Oregon's Statewide Transportation Plan, and includes policies and investment strategies for the state highway system over the next 20 years.

The 1996 Woodburn TSP identified a number of traffic problems that must be addressed during the planning period. Key among these problems is congestion at the intersection of Interstate 5 and Highway 214. If industrial land is added to the Woodburn UGB, congestion at this intersection is likely to increase beyond projected levels.

Comprehensive Plan Amendments

Woodburn has an acknowledged TSP. However, projects identified in the Woodburn TSP are intended to serve planned development based on the comprehensive plan map as it existed in 1996. If changes are made to comprehensive plan designations, then it is likely that the TSP must be amended as well.

The principal reason for comprehensive plan amendments in Woodburn would be to increase the supply of suitable industrial sites within the UGB. When compared with rural or residential land uses, industrial land uses generate relatively high levels of traffic, especially during peak hours. Therefore, industrial plan amendments are likely to "significantly affect a transportation facility,"[15] which in turn triggers OAR 660-012-060 (TPR 060) review criteria.[16]

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[15] According to OAR 660-012-060(2):

(2) A plan or land use regulation amendment significantly affects a transportation facility if it:
- (a) Changes the functional classification of an existing or planned transportation facility;
- (b) Changes standards implementing a functional classification system;
- (c) Allows types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or
- (d) Would reduce the level of service of the facility below the minimum acceptable level identified in the TSP.

[16] The most relevant case in this regard is *DLCD v. City of Warrenton,* 37 Or LUBA 933 (2000). In that case, LUBA held that (1) a plan amendment that reduces the volume to capacity ratio over ODOT's established maximum "significantly affects" a transportation facility; and (2) OAR 660-12-0060 also applies where the amendment would "further degrade" an already failing (*i.e*., below standard) facility. In reaching this decision, LUBA relied on the 1999 *Oregon Highway Plan*, Policy 1F.6, which reads:

According to the TPR, comprehensive plan map amendments that have a "significant impact on land use" must either be scaled down or designed to generate less traffic – or the TSP must be amended to include facilities/measures that increase capacity:

> (1) Amendments to functional plans, acknowledged comprehensive plans, and land use regulations which significantly affect a transportation facility shall assure that allowed land uses are consistent with the identified function, capacity, and level of service of the facility. This shall be accomplished by either:
> (a) Limiting allowed land uses to be consistent with the planned function, capacity and level of service of the transportation facility;
> (b) Amending the TSP to provide transportation facilities adequate to support the proposed land uses consistent with the requirements of this division; or
> (c) Altering land use designations, densities, or design requirements to reduce demand for automobile travel and meet travel needs through other modes.

It is our understanding that Woodburn is in the process of requesting a Transportation and Growth Management Program (TGM) grant to update the Woodburn TSP consistent with revised land use needs. It is critical that this grant recognize the relationships between land use and transportation planning in Oregon.

Iterative Process

Prior to adoption of the TPR in the early 1990s, land use planning often occurred in a vacuum, with transportation planning considered as an afterthought. TPR 060 now requires that land use and transportation planning occur at the same time, and that each inform the other. Because transportation facilities are expensive, the cost of providing these facilities is often the limiting factor in determining *where* industrial land should be located.[17]

This iterative process is anticipated in the Goal 9 rule. In order to meet Goal 9 site suitability requirements, industrial sites must be shown to have adequate transportation facilities and access. In Woodburn's case, this means providing adequate access to Interstate 5 and constructing transportation improvements that reduce congestion at the I-5 / Hwy 214 intersection. Thus, the cost of providing adequate transportation facilities to potential industrial sites must be considered early in the review process. If costs are too high, a given site may not be considered "suitable" for industrial use.

> "…for purposes of evaluating amendments to…acknowledged comprehensive plans and land use regulations subject to OAR 660-012-0060, in situations where the [v/c ratio] for a highway segment, intersection or interchange is above the standards [established in the OHP] and transportation improvements are not planned within the planning horizon [usually, the next 20 years] to bring performance to standard, the performance standard is to avoid further degradation. If an amendment…to an acknowledged comprehensive plan or land use regulation increases the [v/c ratio] further, it will significantly affect a transportation facility."

[17] The other key locational factor, of course, is the Goal 3 requirement to preserve agricultural land. This issue is further addressed under Statewide Planning Goal 14, Urbanization.

As discussed under Goal 14 below, the City should document how it has considered each the three options listed under OAR 660-012-060(1).

- **Limit Land Uses**
  This option can be addressed in one of two ways: first, by reducing the amount or type of industrial land to reduce traffic; or second, by locating industrial uses to based on the capacity of existing and planning transportation facilities.

- **Provide Adequate Transportation Facilities**
  In Woodburn's case, this option may be the primary means of satisfying TPR 060 requirements. However, as indicated above, the high costs of transportation facilities may be the limiting factor in the city's economic development program. Transportation facilities must also be located so as to minimize impacts on agricultural land.

- **Alter Land Use and Design Requirements**
  This option focuses on ways to reduce transportation impacts through techniques such as mixed uses and design standards that encourage alternative modes of transportation. This option must be considered as part of any successful economic development or transportation improvement program.

Goal 12 Conclusion

Woodburn anticipates designating additional industrial land to meet its economic development objectives. These land use changes would increase traffic and will "significantly affect" transportation facilities, especially at the Interstate 5 / Highway 214 interchange. The Transportation Planning Rule (OAR 660-012-060[1]) requires that Woodburn amend the TSP to provide adequate transportation facilities and design standards to reduce transportation impacts. Because of the relationship between land use and transportation, and the high costs of transportation facilities, TPR 060 review is an iterative process.

Goal 13: Energy Conservation

The most significant Goal 13 issue is energy use in the transportation sector, particularly automobile use. The thrust of Woodburn's economic development program is to increase local employment and to avoid becoming a long-commute bedroom community. Goal 13 requirements can be met by using transportation facilities more efficiently, and minimizing vehicle miles traveled by placing housing near employment.

Goal 14: Urbanization[18]

Goal 14's purpose is: "To provide for an orderly and efficient transition from rural to urban land use." Goal 14 applies to amendments expanding the City's urban growth boundary (UGB) that,

[18] Much of this Goal 14 analysis resulted from a collaborative process with land use attorney Corinne Sherton as part of the 1997 Canyonville, Oregon urban growth boundary process.

by definition, convert rural land to urban or urbanizable land. Goal 14 also applies to amendments to the City's comprehensive plan and land use regulations that affect the conversion of urbanizable land within the UGB to urban uses.

UGB Amendment Issues

Under Goal 14, UGB amendments are governed by:

- Seven UGB establishment factors set forth in Goal 14 itself;
- Priorities for adding land to a UGB set forth in ORS 197.298; *and*
- Goal exception requirements of ORS 197.732/Goal 2, Part II and OAR 660-04-010(1)(c)(B) and 660-04-020.

Due to the overlapping nature of these standards, they are addressed in integrated form in this section. The relevant issues are addressed under three topical sub-headings:

- The need to expand the city's UGB to include additional land;
- The choice of which land to add to the UGB; and
- Whether the chosen areas are serviceable and compatible with adjacent uses – especially agricultural uses.

Need to Add Additional Land to UGB

Several applicable standards relate to this issue. Goal 14 factors 1 and 2 require the demonstration of a "need" to add land to the UGB, based on long range population projections, housing needs, providing employment opportunities and/or promoting livability. ORS 197.232(1)(c)(A) and Goal 2, Part II(c)(1) require that "reasons justify why the state policy embodied in the applicable goals should not apply." However, OAR 660-04-010(1)(c)(B)(i) specifically provides that this requirement can be satisfied by compliance with the seven factors of Goal 14. Consequently, ORS 197.232(1)(c)(A) and Goal 2, Part II(c)(1) should be addressed together.

ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2) require a demonstration that areas that do not require a new goal exception "cannot reasonably accommodate the use." In the context of a proposed UGB amendment, this requires a showing that the needs for urban uses cannot be satisfied on land already within the UGB.[19] This issue is also relevant to Goal 14 factor 4, which requires the consideration of "maximum efficiency of land uses" within the existing urban area.

[19] This is because placing needed urban uses on rural land outside a UGB would require exceptions to Goals 11 and 14 and, in many instances also Goals 3 and 4. The only exception might be if the needed urban uses could be accommodated in an "urban unincorporated community," as that term is defined in OAR 660-22-010(8). There is one nearby unincorporated community in Marion County – Brooks. Fargo may also be a rural service center, although this designation is currently under dispute.

(1) Factors 1 and 2

> (1) Demonstrated need to accommodate long range urban population growth requirements consistent with LCDC goals.
>
> (2) Need for housing, employment opportunities, and livability.

The baseline for all Goal 14 analysis is the coordinated population projection. It is possible that Woodburn may decide to revise this projection consistent with its economic development objectives. Any change in population projection must be justified based on sound demographic analysis, must consider the State Economist's projection for Marion County, and must be fully coordinated with both Marion County and the State of Oregon.

The Economic Opportunities Analysis provides analysis necessary for determining the quality and quantity of sites needed to comply with Goal 9 and Woodburn's economic development objectives. As indicated under the Goal 10 discussion, the housing needs analysis and buildable land inventory will also need to be revised in the light of Woodburn's economic development program. The need for public facilities (transportation, sewer, water, storm drainage, parks, schools) must also be considered in the land needs analysis.

Based on recent case law, the City must clearly explain the assumptions used in projecting housing, employment and livability needs.

(2) Factor 4; ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2)

> (4) Maximum efficiency of land uses within and on the fringe of the existing urban area. "Areas which do not require a new [goal] exception cannot reasonably accommodate the use."

OAR 660-04-020(2)(b), which implements ORS 197.232(1)(c)(B) and Goal 2, Part II(c)(2), further requires consideration of alternative areas considered that do not require a new goal exception, and that there be an explanation of why the needed uses cannot be reasonably accommodated on such land, and that this explanation consider increasing the density of use in such areas. In Woodburn's case, these standards require a demonstration that the projected needs for urban uses cannot be accommodated within the City's existing UGB, either by locating the needed uses on vacant buildable land within the UGB or by increasing the existing or future density of uses within the existing UGB.

This means that Woodburn must consider the potential for using land already within the UGB more efficiently. This requires explicit consideration of whether changing plan designations within the UGB can be used to increase density, and whether individual vacant lots within the UGB can be assembled to produce larger areas of buildable land to provide for the proposed uses. The justification for the UGB expansion must explain the City's efforts to intensify land uses with in the existing UGB to meet a portion of the identified need.

Selection of Land to Add to UGB

The selection of land to add to the UGB is governed by several overlapping standards or sets of standards. ORS 197.298 establishes a system of priorities for selecting land to be added to a UGB. Both ORS 197.298(2) and Goal 14 factor 6 require that land with lower agricultural capability be given higher priority for inclusion. In addition, ORS 197.732(1)(c)(C) and Goal 2, Part II(c)(3) require that the long-term environmental, economic, social and energy (ESEE) consequences resulting from adding the selected areas to the UGB are not significantly more adverse than would result from adding alternative areas to the UGB.

Goal 14 Factor 5 also requires consideration of the ESEE consequences of adding the selected areas to the UGB. Finally, pursuant to Goal 14 factors 3 and 4, the consideration of alternative areas should include their relative serviceability and efficiency of location in relation to the existing urban area. Woodburn must also describe and justify its process for identifying study areas outside the UGB, and then describe and analyze the characteristics of each of the study areas.

(1) Factor 6; ORS 197.298

> (6) Retention of agricultural land as defined; with Class I being the highest priority for retention and Class VI the lowest priority.

ORS 197.298(1) requires that the following priorities be used in selecting land for inclusion in a UGB (in order of higher to lower priority for inclusion):

> (1) Land designated as an urban reserve under ORS 197.298.
>
> (2) Exception areas or nonresource land adjacent to the UGB.
>
> (3) Land designated as marginal land under ORS 197.247.
>
> (4) Land designated for agriculture or forestry in an acknowledged comprehensive plan.

ORS 197.298(2) requires that land of "lower capability as measured by the [U.S. Natural Resources Conservation Service (NRCS) agricultural soil] capability classification system or by cubic foot site class, whichever is appropriate for the current use," be given higher priority for inclusion in a UGB. However, ORS 197.298(3) allows land of lower priority to be included in a UGB in the following circumstances:

> (a) Specific types of identified land needs cannot be reasonably accommodated on higher priority lands;
>
> (b) Future urban services could not reasonably be provided to the higher priority [lands] due to topographical or other physical constraints; or
>
> (c) Maximum efficiency of land uses within a proposed [UGB] requires inclusion of lower priority lands in order to include or provide services to higher priority

lands.

The UGB justification must explain how the priorities of ORS 197.298(1) are satisfied after considering acknowledged exception areas adjacent to the UGB and nearby unincorporated rural communities. In order to satisfy ORS 197.298(2) and (3) and Goal 14, Factor 6, higher capability agricultural must be retained outside the UGB. High Value agricultural soils (as described in OAR Chapter 660, Division 33, Agricultural Lands), should not be included within the UGB if there are reasonable alternatives. Agricultural Class III and IV soils should be included before Agricultural Class I and II soils.

(2) Factors 3 and 4

(3) Orderly and economic provision for public facilities and services.

(4) Maximum efficiency of land uses within and on the fringe of the existing urban area.

In evaluating alternative areas for possible inclusion in the UGB, these factors require consideration of their relative serviceability, suitability for efficient urban land uses, and location in relation to the existing urban area. The Goal 12 iterative analysis process described above is directly applicable here, because transportation facilities are also "public facilities" under Factor 3. Detailed findings regarding the city's capacity to serve both the existing UGB and the expanded UGB must be provided with respect to sanitary and storm sewer, water, and transportation services.

(3) Factor 5; ORS 197.232(1)(c)(C) and Goal 2, Part II(c)(3)

(5) Environmental, energy, economic and social consequences.

The long-term [ESEE] consequences resulting from the use of the proposed site with measures designed to reduce adverse impacts are not significantly more adverse than would typically result from the same proposal being located in areas requiring a goal exception other than the proposed site.

OAR 660-04-020(2)(c), which implements ORS 197.732(1)(c)(C) and Goal 2, Part II(c)(3), requires a description of the characteristics of the alternative areas considered, a discussion of the "typical advantages and disadvantages" of including each area in the UGB, and identification of the "typical positive and negative consequences" resulting from including the selected areas in the UGB, "with measures designed to reduce adverse impacts." OAR 660-04-020(2)(c) also requires an explanation of why the ESEE consequences of adding the selected areas to the UGB, are not significantly more adverse than adding the alternative areas to the UGB.

Therefore, the UGB analysis must describe the level of development projected for the areas added to the UGB. This analysis must also identify proposed measures designed to reduce adverse impacts (*e.g.,* riparian corridor or floodplain provisions). Finally, the analysis must

consider the relative ESEE consequences of designating specific areas for inclusion within the UGB, when compared with alternatives.

Serviceability and Compatibility of Land Added to UGB

Once a need to add land to the UGB has been demonstrated, and the requirements for selection of areas to be added satisfied, it is still necessary to demonstrate that the City has the capability to provide public facilities and services to the areas in an orderly and economic manner (Goal 14, Factor 3) and that proposed urban uses of the areas will be compatible with other adjacent uses (Goal 14 factor 7; ORS 197.732(1)(c)(D) and Goal 2, Part II(c)(4)).

(1) Factor 3

> (3) Orderly and economic provision for public facilities and services.

Factor 3 requires a demonstration that public facilities and services can reasonably be provided to the areas added to the UGB over the planning period, without leaving areas already within the UGB with inadequate facilities and services. The City must show that water and sewerage services can reasonably be provided to the areas added to the UGB over the planning period, without leaving areas already within the UGB with inadequate facilities and services. Woodburn must make a similar showing for other public facilities and services (*i.e.,* police, fire protection, schools, stormwater and solid waste disposal. This can be accomplished by cross referencing Goal 11 and Goal 12 findings.

(2) Factor 7; ORS 197.232(1)(c)(D) and Goal 2, Part II(c)(4)

> (7) Compatibility of the proposed urban uses with nearby agricultural activities.
>
> The proposed uses are compatible with other adjacent uses or will be so rendered through measures designed to reduce adverse impacts.

"Compatible" does not require that there be no interference with, or adverse impact of any kind on, adjacent uses, but rather that the uses be reasonably able to coexist. OAR 660-04-020(2)(d). To address this standard, the City must describe the adjacent rural land uses, and agricultural management and production practices on land adjacent to the areas added to the UGB. The City must also explain why the proposed urban uses will be compatible. If setbacks or other mitigation measures are necessary to ensure compatibility, they must be stated and provisions requiring compliance must be adopted.

Conversion from Urbanizable Land to Urban Uses

Goal 14 provides that conversion of urbanizable land to urban uses shall be based on consideration of four factors. These factors shall be referred to as "conversion" factors, to distinguish them from the seven UGB establishment/amendment factors discussed above. The Goal 14 conversion factors apply to comprehensive plan and land use regulation amendments that affect regulations governing when urbanizable land within a UGB can be put to urban use,

or that redesignate and rezone urbanizable land so that it can be put to urban use. The conversion factors are also applicable to map amendments that add land to the UGB and re-designate land for urban uses.

a. Conversion Factor 1

(1) Orderly, economic provision for public facilities and services.

To adequately address this factor, the City must demonstrate that is has policies and regulations in place to ensure that adequate public facilities are provided to planned urban development. The City must also demonstrate that it has the capacity to provide such services in a timely fashion. (See also UGB amendment findings related to Goal 14, Factor 3.)

b. Conversion Factor 2

(2) Availability of sufficient land for the various uses to insure choices in the market place.

Generally, by providing sufficient land to meet 20-year need for each category of land use (industrial, commercial, residential, public), this standard is met. However, the Goal 9 rule and ORS 197.712 both require that local governments provide "at least" an adequate number of suitable industrial and commercial sites to meet employment needs over the next 20 years. See discussion under Goal 9, above.

c. Conversion Factor 3

(3) LCDC goals or the acknowledged comprehensive plan.

Woodburn must address each applicable Statewide Planning Goal as indicated in this memorandum.

d. Conversion Factor 4

(4) Encouragement of development within urban areas before conversion of urbanizable areas.

Here, it is important that Woodburn identify measures it has adopted to encourage development in urban areas before moving into urbanizable areas. Such measures typically include annexation policies, adequate public facilities policies, large-lot holding zones and the like. Findings addressing this factor should cross reference Goal 14 Locational Factor 4 findings that explain why needed uses cannot be accommodated within the existing UGB/urban area.

Summary & Conclusions

If the City of Woodburn decides to make major plan amendments to meet its economic development objectives, it will take approximately two years to complete the necessary planning studies, effectively involve citizens, and coordinate with affected agencies.

Each of Oregon's applicable Statewide Planning Goals must be addressed. The plan amendment process is complicated by the fact that some goals are more important than others. Certain goals –Goals 2 (Land Use Planning), 9 (Economy of the State), 10 (Housing), 11 (Public Facilities and Services), 12 (Transportation) and 14 (Urbanization) – will be especially important for comprehensive plan and land use regulation amendments that propose to increase the supply of industrial land. Other goals – Goals 5, 6, 7, 8 and 13 – are relatively unimportant but still need to be addressed. Those goals that will be more important in the plan amendment process have administrative rules that are much more detailed – and demanding – than the goals themselves.

The Economic Opportunities Analysis (EOA) is the critical first step in determining whether there is need to amend the Comprehensive Plan. The EOA must identify, with specificity, the types of firms and industrial development opportunities the city would like to attract. Goal 9 (Economy of the State) and Goal 14 (Urbanization) each require that sufficient suitable land be planned within the urban growth boundary to meet the city's need for industrial and commercial land for the next 20 years.

Then, the siting needs of targeted industries (or industrial parks that accommodate targeted industries) must be identified – in terms site size, location, serviceability, topography and the like. The more specific the site suitability criteria, the less likely that one industrial site can be substituted for another. Next, there must be a careful comparison of these site suitability criteria with suitable sites that are already within the UGB, appropriately planned and zoned. If there is a mismatch between the what is needed and what is available, then the base case for a plan amendment can be made.

Both Goal 9 (Economy of the State) and Goal 11 (Public Facilities and Services) require that the city demonstrate that it can provide services to needed industrial sites. This requires an examination of needed projects as well as the city's financial ability to provide these services. Unless it is feasible to provide needed services (stormwater drainage, sanitary sewer, water and transportation), then the sites are not considered "suitable" under Goal 9 or ORS 197.712.

Still, this analysis is just the beginning. It is possible that existing industrial land could be re-planned and re-zoned to achieve the required match. For example, if there is a shortage of light industrial land but a surplus of heavy industrial land that otherwise meets site suitability criteria, a re-zoning may solve the problem without a UGB amendment. If the shortage of suitable industrial sites persists, the next step is to carefully examine other land *within the UGB* that could be re-planned to meet the need – without resulting in a shortage. Residential land is the most likely possibility. However, Goal 10 (Housing) does not allow the city to fall below 20-year land need for housing. So, there must be a careful analysis of needed housing by type, compared

with buildable land by zoning district, to determine whether residential land can be rezoned to meet industrial needs. This is one of the reasons why we are also examining housing needs again, to make sure that there is a fit between anticipated household incomes and housing types in Woodburn.

Goal 14 (Urbanization) comes into play after the need for land to accommodate public facilities, housing and employment has been determined. This goal, and ORS 197.196, requires the City to examine whether residential land might be zoned more intensively, say, at 10 units per acre rather than eight. Increasing residential density might free up some of the residential land supply to meet industrial needs. *The city can seek land outside the UGB only if all other options for meeting the specific siting needs of targeted industries within the growth boundary have been thoroughly examined.*

If amendments to the urban growth boundary can still be justified, then these amendments are likely to face a higher level of scrutiny from state agencies and land use interest groups. Goals 2 (Land Use Planning), 14 (Urbanization—Factors 3 through 7) and ORS 197.198 establish "priorities" for bringing land into the UGB. High value farmland is dead last – and Woodburn is surrounded by high value farmland. So, if there are any available "exceptions areas" (*i.e*., land not zoned for exclusive farm use), then the city must look there first. Only if there are no reasonable alternatives to converting agricultural land to residential use can the city justify a "reasons exception" to bring farmland into the UGB.

If there is still an unmet need for a certain type of industrial land that cannot be met within the UGB, the city must bring in lower quality agricultural land first. Agricultural land with class I soils are the lowest priority for inclusion because it is the best quality farmland. If it happens that the most suitable site—the site with the best access and lowest cost of providing public facilities—is also the best farmland, the burden of proof rises. There must be a very good case for including this land in the UGB, or the LCDC is unlikely to support the amendment in the face of almost certain opposition from agricultural land conservationists.

Finally, even if all of these standards are met, there is still the "060" issue. Increasingly, ODOT has enforced the Transportation Planning Rule requirement that plan amendments not "significantly affect" a state transportation facility. And, since UGB amendments necessarily mean increased traffic – and in Woodburn this means increased traffic to Interstate 5 or Highway 99 – ODOT involvement is assured. The Land Use Board of Appeals has held that (1) a plan amendment that reduces the volume to capacity ratio over ODOT's established maximum "significantly affects" a transportation facility; and (2) **OAR 660-12-0060** also applies where the amendment would "further degrade" an already failing (*i.e*., below standard) facility. In reaching this decision, LUBA relied on the 1999 *Oregon Highway Plan*, Policy 1F.6, which reads:

> "…for purposes of evaluating amendments to…acknowledged comprehensive plans and land use regulations subject to OAR 660-012-0060, in situations where the [v/c ratio] for a highway segment, intersection or interchange is above the standards [established in the OHP] and transportation improvements are not planned within the planning horizon [usually, the next 20 years] to bring performance to standard, the performance standard is

> to avoid further degradation. If an amendment…to an acknowledged comprehensive plan or land use regulation increases the [v/c ratio] further, it will significantly affect a transportation facility."

For these reasons, Goal 12 is likely to be the deepest pitfall, because major improvements to Interstate 5, Highway 99, or both, will likely be necessary to serve increased traffic resulting from plan amendments necessary to meet identified site suitability needs.

In summary, if the city amends its comprehensive plan and land use regulations to provide serviced sites that meet identified needs of targeted industries, these amendments must comply with the procedural and substantive requirements of each of the applicable Statewide Planning Goals and their accompanying administrative rules. Statewide Planning Goals 2, 9, 10, 11, 12 and 14 must all be met, and each imposes demanding requirements that must be systematically and consistently addressed in any plan amendment process.